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INTRODUCTION TO SOCIAL SCIENCE

INTRODUCTION TO

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VOLUME I · REVISED

NEW YORK : 1950

SOCIAL SCIENCE

A Survey of Social Problems

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THE MACMILLAN COMPANY

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FOREWORD TO REVISED EDITION

When the original edition of the present text first appeared it was anticipated that the changing social scene, the advances in knowledge and the cumulative experience of teachers, based on classroom use of the work, would soon make a major revision desirable and necessary. No elaborate proof is required to convince those who have lived through the decade just past that the world has undergone profound upheavals. While a few years are not expected to produce fundamental changes in knowledge and method, those who are in touch with the social sciences can testify to many significant developments in point of view, interests, basic data and methods of analysis that have taken place during the last few years. Similarly, in the course of the wide use of this text, many suggestions have come to the authors for its improvement as an instrument for introducing students to their social world and to the social sciences.

This new and thoroughly revised edition is a response to these developments. In undertaking this task the authors have sought to conserve and strengthen the unique features of the text which led to its wide acceptance by colleges and universities throughout the country and its use as an Educational Manual by the United States Armed Forces during the war. At the same time they have endeavored to incorporate into the new edition all of the pertinent new materials and new methods of organization and presentation which would make the work truly reflect the advances in knowledge and educational method as well as the altered facts and circumstances of social life in our communities, our nation and our world.

The measure in which they have succeeded will, of course, only become obvious after some years of actual use in classrooms. As in the past, so in the future the authors are anxious to profit by the criticisms and suggestions of their colleagues who are using the text and who are in a strategic position to appraise the improvements which, the authors hope, are evident throughout the pages of this revision. For those who have not had experience with the earlier edition it may be appropriate to call attention to a few of the major changes that have been made.

The "problem approach" to the social sciences has become so widely accepted, in part as a result of the pioneer effort of the present work, that it is no longer regarded as an educational experiment. But if the understanding of the student is to be advanced through his exposure to the significant and representative types of problems which afflict our society and which it is the aim of the social sciences to elucidate, it follows that a text which has chosen to follow this approach must from time to time reappraise the problems which it selects for treatment. In the present edition every effort has been made to present the salient problems of social life as they appear at the mid-point of the twentieth century in realistic and balanced perspective.

Although such a presentation must necessarily vary from one that was appropriate to an America and a world in the midst of war, the basic analyses of the relatively enduring problems of our society do not depend upon the up-to-the-minute account of the particularities of fleeting, factual details. While great pains have been taken by the authors to put each problem treated in the text into its specific historical setting and to make available wherever possible the most recent and most reliable information relevant to its fullest understanding, the temptation to make the volume into an encyclopaedia of current events has been vigorously resisted.

A number of new chapters have been added to the book and several separate old chapters have been combined and condensed in response to major historical changes, new developments in social science or the experience which teachers and students have called to the attention of the authors.

Particular stress has been laid upon recent developments of American society which seem of long range significance, upon the new role of the United States in world affairs and upon the emerging world organization. Thus, for instance, the recognition of the increasing importance in our national life and the increasing knowledge of and attention paid by the social sciences to race relations, industrial relations and the role of voluntary associations has induced the authors to devote new chapters to these topics. Similarly the changed position of fascism and Nazism as a result of the military defeats of the powers which espoused these doctrines and the place and prospects of democracy in relation to the new varieties of totalitarianism have called for a thorough reorganization of the relevant chapters of the earlier edition.

From the point of view of substantive developments in the social sciences and in response to suggestions coming from teachers, several equally important improvements have been made. For example, an entirely new chapter dealing with the nature of the social sciences and their relationship to social life has been added at the very beginning of the volume; a new chapter on the organic characteristics of man and his relationship to his physical surroundings has been introduced and the various chapters of the work have been regrouped into major sections which it is felt will give the work as a whole a more systematic character, will make the treatment of various topics flow in more logical sequence and will make more intelligible the interrelationships between the subjects treated. Needless to say the illustrations and bibliographies reflect the improvements in the text.

The authors are thoroughly aware that their work, like the social world which it seeks to make intelligible, is unfinished. They will be grateful for the criticisms and suggestions of their colleagues.

LOUIS WIRTH

FOREWORD TO FIRST EDITION

There is no longer any serious controversy among educators and informed laymen as to the need for conveying to the rising citizenry an understanding of the social world. The almost universal inclusion of social studies in school curricula is proof of the recognition that among the primary functions of contemporary education is the orientation of the young with reference to the society of which they are a part. There is still considerable difference of opinion, however, among the experts concerning the ways and means by which the schools might best discharge this obligation.

No normal young person can grow up in our civilization and participate in the daily affairs of his family and community without imbibing a great deal of the knowledge and coming to share most of the basic values of the society in which he lives. By the time he reaches the college level the student may be expected to have some familiarity, based upon personal experience, with the major social issues confronting us and to have some convictions with reference to the conflicting programs for dealing with these problems. Hence the student never approaches the study of social science with the same degree of ignorance and the same unbiased frame of mind with which he begins his study of the physical and the biological universe. Whereas in his initial contact with physics, chemistry, and biology he is relatively ignorant and neutral, in the case of the social sciences he is filled with preconceptions and ready to give the final answers to questions that still baffle the experts.

A large and important part of the work of an introductory course in the social sciences must therefore necessarily be directed toward aiding the student to unlearn what he thinks he already knows. This may frequently involve the unsettling of his dogmatic convictions, to be followed by the attempt to get him to view questions as open which he may have considered as already closed, and to guide him in acquiring a new perspective of his society and its problems. It is probably impossible for anyone ever to view any acute social issue with the same detached and dispassionate objectivity with which the natural scientist views his subject matter in the laboratory. Complete self-effacement also carries with it a corresponding disinterestedness which in matters social is both impossible and undesirable. There are indeed many subjects of interest to social scientists in which personal biases and interests play a minor role, but they generally are subjects on which we must content ourselves with the most external and mechanical knowledge. If we would go beyond this superficial knowledge and attempt to obtain some genuine insights, however, we must get an intimate acquaintance with our subject matter, which in social phenomena involves some degree of participation in and extension of our personal experience into the situations we hope to study.

Most of the crucial questions to which students of social science must be introduced in social science courses are regarded as controversial by some elements in our society. Hence, it appears well-nigh impossible to write a thoroughly objective textbook in the social sciences, and if such a book were to be written it would probably be so devoid of interest to anyone that no one could be induced to read it.

Although the authors of this volume have attempted to present the most authentic knowledge that is available on their respective topics, I could not claim for them that their work will be found wholly unbiased on all the issues they have treated. It is possible to say something much more complimentary and significant about their work, however, namely, that they have made diligent efforts to make their biases explicit and bring them out into the open where they may be viewed in relation to other conceivable biases and in the light of the facts established by the consensus of the competent.

There are already many textbooks available designed to furnish an introduction to the social sciences for junior college and college students. Each perhaps represents the procedures which its authors have found most nearly in accord with their preconceptions both as to the nature of social science and the best methods of teaching it. While no apology is therefore necessary on the part of the authors of the present work for adding another book which incorporates their preferences and the fruits of their extensive experience, for the use of their own classes, it is appropriate that the editor address a word to other teachers indicating why they too might find the volume suited to their students.

This work is designed not as an introductory outline or syllabus in the social sciences but as a complete text, requiring only a limited and inexpensive library of supplementary readings which may be judiciously selected from the bibliographies following each chapter, in case it is desired to induce students to familiarize themselves with a wider range of source materials.

Unlike a number of other volumes now in use, this work employs the "problem approach" to the social sciences. It thus has a closeness to the life of our time and presumably to the actual experiences and situations confronting the student. This essential quality is generally found wanting in textbooks designed on a formal and abstract pattern. The authors of this volume believe that more sound theoretical knowledge of a subject matter can be gained by analyzing actual problems the genuineness and reality of which the student recognizes on the basis of his own experience, rather than by confronting him with a highly systematized body of formal propositions of the meaning and relevance of which he may be only remotely and faintly aware.

This work, moreover, proceeds on the assumption that in an introductory text it is not desirable to deal with the academic disciplines constituting social science as rigorously separable subjects. The authors believe that the distinctive concepts, methods, and problems of economics, political science, sociology, and related sciences can be more effectively presented in more advanced courses and that what is required in an introduction is a realistic view of our total social scene with emphasis upon the common elements which bind the social sciences together. This is another reason why the authors have chosen concrete problems for analysis in which all of the relevant interests of the different social sciences are brought to bear upon the subject matter.

While the authors have made diligent efforts to incorporate the most recent findings of fact and interpretation into the treatment of the wide range of problems which make up their text, they realize that our social world is in a state of continuous flux and that what is acceptable today may be outmoded very shortly. They have tried to look behind the headlines of the moment and to deal with the basic and continuing problems of our society, from a long-range perspective, exemplifying in the analysis of each problem the characteristic mode of approach of the social scientist. Just as the work which they now offer in print is the product of many years of experimentation and constant revision, so they expect that the relentless march of events, and their own and others' experience with this text, will call for further revisions in the future. What they now offer, however, represents the product of continuous and fruitful collaboration of many minds, each trained in some one of the social science disciplines and enriched by the experience of many years of participation in a pioneer educational enterprise in the development of the social science course in the Chicago Junior Colleges.

LOUIS WIRTH

The University of Chicago
August, 1941

AUTHORS' PREFACE

Introduction to Social Science is designed for a course which introduces the student to the whole area of social science rather than to economics, political science, or sociology as such. In their present form, the two volumes are the result of thirteen years' experience in teaching the social science survey course required of all freshmen in the three branches of the Chicago City Junior College. They have been produced through the cooperation of a dozen social science instructors who have devoted much thought and effort to this attempt to meet the needs of students in an introductory survey course in the social sciences.

The present edition of this text represents a very thorough revision of the original edition. While no radical change has been made in the general character of the two volumes, much of the material has been rearranged and reorganized in the light of classroom experience; and it is believed that this has made possible a better integration of the subject matter and a greater degree of unity in each of the parts into which the text is divided. Several new chapters have been added, while certain old chapters have been omitted or combined. In addition, all of the chapters retained have been carefully revised, and in several cases this has meant completely rewriting them.

In preparing this revision the authors have kept in mind the following major objectives:

1. To increase the clarity and readability of the text wherever possible.
2. To eliminate what has proved less important, and to place greater emphasis on essentials.
3. To put a greater amount of emphasis on the analysis of social processes.

4. To bring all materials up to date.
5. To bring about greater unification of the materials by showing for each of the major areas dealt with, economic, political, and social:
    - A. The principal ways in which people in modern society come into contact and the nature of their relationships.
    - B. The principal ways in which changing relationships give rise to new needs and problems.
    - C. The principal ways, instruments, and institutions which are created by man to help meet these needs and solve these problems.

As a means of introducing students to the field of social science, a general course has important advantages over specialized courses in economics, political science, or sociology. Society and social relations have a unity which is indivisible, so that it is impossible to have an adequate understanding of one branch of social science, like economics, without some knowledge of the other branches. It follows that, for the student who will take only one or two courses, a general course can provide greater insight into the nature of human society than can the more specialized courses. It not only gives the student an elementary knowledge of several social sciences; what is perhaps more important, it helps him to get a unified view of the whole field of social science. Further, for the student who expects to specialize later in some one branch, a general course is an excellent background.

From the early beginnings of this project, the authors have had three general purposes: first, to describe the nature and structure of society, including the more important social institutions; second, to explain the principles which guide and control social activity; and third, to introduce the student to the problems of contemporary society.

No attempt is made to adhere rigidly to the "problem" approach; nevertheless, a great deal of attention is given to all the more important social problems which arise in modern society. An effort is made to find what groups are most affected by these problems; to show by relevant historical data how each problem came into existence and what has already been done about it; and to demonstrate possible ways in which a knowledge of social science might contribute to the solution of each problem. This emphasis on social problems has several advantages. One is that it centers attention on the contributions of social science to human progress. Another is that, since every social problem has its economic, political, and sociological aspects, a study of such problems helps a student to see that the various fields of interest in social science are in reality only parts of an integrated whole, the social life of man.

The arrangement of the text lends itself to use in both the quarter and semester systems of instruction. In the quarter system, the first three sections may be covered in the first quarter, with three sections remaining for each of the other two quarters. For practical reasons, the text is being issued again in two volumes, each of which is suitable for one semester's work. While an effort has been made to arrange the materials in such a way that the text as a whole has a certain organic unity and continuity, each chapter is in itself a more or less complete entity. It is, therefore, possible without too much loss to rearrange the chapters or the parts, or to omit some of them, to meet the needs of particular college courses.

References are appended to each chapter for the benefit of those who wish to do additional reading. These references have been selected on the basis of their usefulness to the student, their recency, and their availability in most college libraries. The questions at the end of each chapter are intended to be useful for class discussion, for outside written work, or for the guidance of independent study. The most important technical words and phrases employed are listed at the end of each chapter under the heading "Terms to be Understood."

Five authors who contributed to the first edition of this text have been unable, for various reasons, to take part in the revision. However, some of the material which they contributed is retained in the present edition. The five former contributors are Thomas H. Clare, David Horton, Harvey Klein, James Reber, and Ina Walton. One of the five, Captain Clare, was lost during the war on an air mission over Burma. To these former authors, and to all those persons who by their criticism or suggestions have helped to make this text possible, we wish to express our gratitude. We also wish to extend sincere thanks to Dr. Louis Wirth, the publisher's editor, whose wise counsel and broad vision have been of inestimable value. However, for all errors of omission and commission we assume full responsibility.

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INTRODUCTION TO SOCIAL SCIENCE

Chapter One

SOCIAL SCIENCE AND SOCIAL LIFE

The subject matter of social science is the social life of man. Social science studies the behavior of man insofar as that behavior is influenced by his life in groups. In the course of group experience men have developed customs, organizations, and social, economic, and political systems. Social science attempts to develop understandings and inventions that should enable man to cope effectively with the kind of world in which he lives. As a *science,* social science seeks to understand, predict, and control human behavior. Social science is the best way that man has discovered to master the problems of social life.

THE MAJOR AREAS OF HUMAN EXPERIENCE

The meaning and nature of social science can be sharpened by contrasting social science with other broad fields of knowledge: the physical and biological sciences, and the humanities.

Social Science. Social science is the broad area of knowledge which deals with man in his relationships with other men. The major social science facts are the processes and activities of man in his social, economic, and political ways of life. The social sciences must, of course, also study man's biological makeup as it affects and is affected by social life. Similarly social science is concerned with man's relationship to his environment, but emphasis is placed on the environment which is man-made and into which man alone is born. This man-made environment is termed *culture.* Culture is the artificial environment which the human animal has developed, and it consists of buildings, tools, equipment, institutions, language, science, religion, and all the other ways of doing things which man has learned and which he transmits to his offspring as the social heritage.

The Natural Sciences. The physical and biological sciences are often termed the natural sciences. These sciences study inorganic matter and organic life as parts of nature. The average person usually comes into contact with the natural sciences through his recognition of their remarkable discoveries and inventions. The recent discoveries of atomic fission and the sulpha drugs demonstrate forcibly the degree of control which man has achieved over the natural world.

Physical science is the study of the physical universe: matter, motion, space, and mass. These elements constitute the inorganic environment and account for energy, light, and sound. These elements operate to produce the power which exists in nature. Physical science aims to tap the apparently limitless power in nature by discovering the laws of the physical universe.

Biological science is the study of plant and animal life. As a science it is the study of living things, or organisms, and of the natural environment of organisms. This environment consists of the earth, sun, water, trees, plants, and animals of different kinds.

The Humanities. The humanities are closely related to social science in that both study man as a cultural being. One distinction between the social scientist and the humanist is that the former is concerned with all phases of social behavior, while the latter dwells mainly on the human spirit and values. The humanists study the expression of man's experience in literature and in artistic works and the way in which man tries to explain the meaning of life through his art, religion, and philosophy. Another distinction is that the humanist is interested primarily in communicating human knowledge and values, while the social scientist, in addition, seeks to verify human knowledge and values and to arrive at tenable generalizations and predictions concerning human behavior.

Interrelationships. There is no sharp boundary line between the social sciences, the natural sciences, and the humanities. Though the main purpose of the foregoing paragraphs was to show the ways in which these fields differ, they have much in common. For example, psychology is often classed as a social science; yet, to the degree that psychology studies the structure and function of human organisms, it is as much a natural science as is physiology or chemistry. Approximately stated, social science is "the application of methods similar to those used in the 'natural' sciences to subject matter similar to that of the humanities."[1]

One should expect to find that these fields of knowledge are interrelated. Man, in addition to possessing a social life and creating an environment of his own, belongs in the order of living things and finds himself limited by a physical world which contains the elements necessary for his survival. A description of some of the individual social sciences will show other ways in which the social sciences are related to the natural sciences and the humanities.

THE SOCIAL SCIENCES

Specialization in social science is of long standing. There are many special social sciences. Each social science has its own frame of reference, set of problems, and, in a sense, subject matter. In mentioning *frame of reference* we mean to refer to the fact that each social science attempts to interpret a certain aspect of human behavior, or to look at social life in a certain way. Consequently, each social science gives us only a partial view of social reality. This specialization may work against the possibility of a comprehensive view of social reality. Perhaps it will be the task of the historian or the philosopher to synthesize the social sciences and provide something that looks like the "whole" of social life. The tendency towards specialization, however, has been real, and there has even developed some specialization within each of the social sciences.

History. History is the study of man's past. In one sense, history is the "stuff" from which the other social sciences have developed. If the quest of social science is for prediction of conduct, the dependence on history is indeed great, for the ability to project into the future requires a knowledge of the past used in relation to the present. Consequently, many students of social life believe that no social problem is understandable without some acquaintance with its history.

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[1] Robert Redfield, "Social Science in the Atomic Age," *The Journal of General Education*, State University of Iowa, Vol. 1, January, 1947, p. 124. Also see Robert Redfield, "The Art of Social Science," *The American Journal of Sociology*, Vol. 54, November, 1948, pp. 188–190.

The frame of reference of the historian is to place events in a time-space pattern. Events are unique; they are circumscribed by time and space. The main task of the historian is to verify past events, or to describe and analyze what actually happened as faithfully and as understandably as the available sources allow.

The early historians concerned themselves with what are called "humanistic" events; mainly with military, political, and religious activities, and the biographies of men who were thought to be "causes" of such events.[2] The historians put events into such patterns as historical movements, eras, epochs, and periods. Out of similarities and classifications of events explanatory generalizations were fashioned, represented by such phrases as "history repeats itself," and "the lessons of history." This "generalizing" type of historian, who is called a philosopher of history, was the intellectual ancestor of social scientists. But many of his generalizations were unverified and were defective because of their emphasis on a single factor as the cause of events or because they relied upon too limited observations.

The social scientist wishes to predict future behavior; the historian deals with past behavior. Thus it would appear, at first thought, that the two are unrelated. Though prediction is not the task of the historian, the historian engages in two kinds of study which enable social scientists to make predictions. These types of study are (1) historical analogy and (2) historical trends.[3] Historical analogy is the placing of similar cross sections of history side by side. In this way, the historian is able to compare different periods in history or the history of different countries and civilizations. For example, the common features of revolutions are ascertained by comparing various revolutions, such as the French and American

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[2] Fred Shannon, *An Appraisal of Walter P. Webb's "The Great Plains": A Study of Institutions and Environment,* Social Science Research Council, New York, 1946, p. 227.

[3] Louis Gottschalk, *et al, The Use of Personal Documents in History, Anthropology, and Sociology,* Social Science Research Council, New York, 1945, pp. 69–72.

Revolutions. Historical trends refer to the changing patterns of certain human activities. We are generally familiar with such trends as the growth of capitalism and the rise and fall of monarchism.

The historian is usually unwilling to project analogies or trends into the future. This task has been assumed by the social scientist. In turn, the social scientist needs a historical background. This background enables the social scientist to set up his research problems intelligently, to collect his data, and to interpret his findings meaningfully.

Anthropology. The interest of anthropology is mainly in the primitive and folk cultures. An understanding of society can be gained by comparing various cultures, particularly the folk type with modern urban society. People are often too immersed in their own way of life to be in a position to understand their society. By studying primitive and other folk societies we can gain a view of human civilization and of our own culture which conventional history does not offer. Anthropology also includes the study of the biological characteristics of mankind and its various branches (known as physical anthropology), the study of prehistoric remains of man and his culture (known as archeology) and the study of language (known as linguistics). The division of anthropology of major interest to the student of social science is known as *social anthropology*.

Social anthropology deals with the social structure and culture of groups. The social structure of a group refers to the ways in which the parts of the society are related to each other in terms of social position, authority, and opportunity. Every society is characterized by a structure representing the ways in which people of different ages, kinship groups, social classes, ethnic groups, interest and pressure groups, and occupational groups are related to each other.

Social anthropology also studies the institutions of society. Study is made of social systems and their constitutent parts, such as the family, the religious and educational institutions, the economic order, and political and legal arrangements. These institutions and social systems are viewed from the standpoint of the way they operate to control the social life of the group.

Economics. Economics is the study of man's ways of making a living and of society's ways of using and allocating resources. The importance of economics, as a special social science, arises out of the fact that those things which human beings wish to consume or to possess are relatively scarce. The key concepts in economics are the *market* and *price*. The market is the area of human activities where man attempts to economize with scarce goods. This type of activity is termed "making a living," and it involves an impersonal attitude by which men look upon each other as means for satisfying one another's needs.

Prices and price changes operate to bring about a balance between scarce supplies and the limitless human wants. The result is the tendency towards a balance in the market, which means that the goods and services offered for sale are, at one price or another, purchased by customers. The wealth-getting, wealth-using activities of men, and the instruments, institutions, and organization connected therewith are the primary concern for economics.

Political Science. Political science is the study of the patterns of power, authority, dominance, and subordination among the members of society. The phase of the social order which political science has singled out for special investigation is the institution known as the *State*.

The major concepts and problems of political science are divided into five points of interest. First, *politics* is the struggle for power between those who seek to influence, maintain, or alter the law-making machinery of the State; included here is political psychology or the study of the mechanisms of political behavior. Second, *public law* consists of the rules which define the legal basis of the State and government, the powers and relationships of governmental agencies, and the relation of the citizen to the State. Third, *administration* is the method of organizing and managing people and resources in carrying out the public policies. Fourth, *political theory* consists of the defenses and attacks on particular patterns of power and the attempts to make them appear reasonable. Fifth, *international relations* are all the political processes at work among the community of sovereign powers in the world society.

Sociology. Sociology focuses upon what is true of man by virtue of the fact that everywhere he leads a group life. Group life is analyzed in whatever context it appears. One of the main interests of sociology is *socialization,* or the way in which the individual is made a member of society. The central process with which sociology is concerned is social interaction, or the manner in which men are affected in their behavior by the presence and influence of their fellows and the influence of different groups and societies upon one another.

The term *social* is conceived as referring to the rules, customs, understandings, conventions, claims, and expectations which people impose on one another in order to act together. Human beings are able to act together because each person takes the point of view of other persons and organizes his behavior according to the meaning he gives to the behavior of others. When people have common meanings they adjust to one another in such a way as to act together as a group or a society. The common or shared meanings among men are the essence of human group life.

The sociologist describes and explains the ways in which personality is formed, social organization arises and functions, and collective action takes place. He is, of course, also concerned with the characteristics of human nature and with the relations between men as they are influenced by the habitat and by technology, as is indicated below.

Other Social Sciences. The special social sciences described above are most directly related to the content of this course, but there are several other social sciences which deserve brief mention. *Social psychology* is the study of the social development of the individual and of the elementary, spontaneous forms of collective behavior which develop into persisting social movements. It is a marginal area where the interests of psychologists and sociologists meet.

Human geography and *ecology* do not belong strictly in the realm of the social, but are basic to all the social sciences. Human geography is the study of the relation of man to his habitat. Human ecology emphasizes the relationship between man and man as affected, among other factors, by this habitat.[4] *Human biology,*

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[4] Louis Wirth, "Human Ecology," *The American Journal of Sociology,* Vol. 50, May, 1945, p. 484.

demography, and *population* are also nonsocial in nature, but are usually considered closely related to, if not a part of, the social sciences. In these sciences, we study man as a biological organism and from the point of view of his numbers and distribution in the world. Such characteristics of human groups as birth and death rates, sex ratios, age composition, marital conditions, residences, and occupations are studied from the point of view of how they influence social life.

COMMON-SENSE KNOWLEDGE AND SOCIAL-SCIENCE KNOWLEDGE

The kinds of knowledge and ways of obtaining knowledge described above, which constitute social science, are often confused with common sense, which everyone is supposed to have and which requires no special study. Common-sense knowledge may be thought of as "knowing how to get along in life." Each of us develops common-sense knowledge as a result of living with other people in the family, in school, at work, and on the street. But the ordinary person believes that such knowledge is all that is needed to understand human conduct.

Social science has failed to gain wide public acceptance in part because social scientists have not convinced the public that there is a real difference between social science and common sense. Many people think that the findings of social science are "merely elaborate statements of what everybody knows in language that nobody can understand."[5] Moreover, it is believed that the statements of social scientists are nothing more than a disguised form of personal opinion and prejudice. Unfortunately, some of this claim is true. The social scientist is at the same time a citizen, and he has to grapple with the same problems and make personal decisions as does any ordinary citizen. Because the subject matter of social science is the life of the person it is difficult to train objective observers of social life. Still, the social scientist is trained in methods of correcting his own views, and he does accumulate knowledge which approximates the standards of science. One thing which will serve to make this clear to the ordinary person is the difference between the methods and goals of common-sense knowledge and of social-science knowledge.

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[5] Louis Wirth, "Responsibility of Social Science," *The Annals of the American Academy of Political and Social Science,* Vol. 192, January, 1947, p. 147.

Common sense tends to be moralistic in its approach to a problem. Social science tends to be naturalistic. The common-sense approach to a problem is to praise or blame somebody or something. Once the ordinary person forms a moral judgment of a problem, his resulting bias or prejudice removes the necessity to explain the problem. In fact, common sense is blind to its biases. Social science, on the other hand, has no "ax to grind." Social science seeks to discover the conditions which produce a problem. Furthermore, the social scientist is trained to recognize and neutralize his biases.

Common sense tends to treat a situation as unique and as more or less fixed. Social science compares a situation with other situations and seeks to analyze it as a *process*. For example, the common-sense approach to the situation in which a person is on relief might be that of declaring that the person is shiftless, unwilling to work, or feels that the world owes him a living. The social scientist, however, would seek information on a variety of items. He would try to discover the views the individual has had about his career, his disappointments, his philosophy, his revised interests in life; what he thinks about American business, government, rich people, charity, leisure, and recreation.[6] After this exploratory inquiry the social scientist would focus his attention on a specific relationship existing between two items or between a limited number of items in the *concrete* situation.[7] These items would be singled out because it is suspected that a significant relationship exists between them. Perhaps in the example of personal adjustment to relief, the problem for investigation would be the way in which the person on relief rationalizes and justifies his status. Narrowing the study to a specific problem corresponds to the formulation of a hypothesis.

Common sense consists of proverbial wisdom which is cumulatively strengthened by experience which happens to conform to the original belief. There is the saying, "Absence makes the heart grow fonder." The belief that this is always and everywhere true is erroneous. There is truth also in the saying, "Out of sight, out of mind." These sayings are contradictory, and though each may be true in certain instances, neither is true in all instances. Social science sifts such beliefs through experience. Things are held to be tentative and hypothetical while a search is made for negative or exceptional cases. The discovery of an exceptional case which contradicts the initial hypothesis necessitates a change of the initial hypothesis to take account of new findings. Common sense claims that exceptions only prove the rule. But for the social scientist "the exception is the way out of a logical rut."[8]

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[6] Herbert Blumer, *Social Adjustment: A Memorandum* (Unpublished), University of Chicago, Chicago, p. 47.

[7] *Ibid.*, p. 48.

Common sense usually explains a social event by using a single factor as the cause, while social science regards social phenomena as complex, to be explained by a number of factors.

Common sense tends to be fatalistic or reformistic. The fatalist believes that nothing can be done to solve a social problem because "that's human nature for you." The reformist often believes that the way to solve a problem is to pass a certain law or elect a certain candidate to office. As opposed to these approaches, social science seeks to understand the origin and the nature of a problem, including its widest ramifications. The knowledge accumulated in this manner is used to define the conditions under which a problem can be altered and mastered.

Common sense tells us that we know life because we live it; hence, anyone with common sense is automatically an expert about social life. Common sense assumes that one person's thoughts, feelings, and motives apply to other persons, especially if their actions are similar. This is what is meant when it is stated that common sense is personal. Social science is impersonal and objective. The social scientist takes account of habits, attitudes, and motives in order to understand how these influence social conduct, but he does not necessarily share these attitudes and motives.

This inventory of differences is not intended to be exhaustive, but it shows that the distinction between common-sense knowledge and social-science knowledge is real. Social science does have something to contribute beyond common sense for an understanding of social life.

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[8] Louis Gottschalk, *et al.*, *op. cit.*, pp. 63–4.

THE DEVELOPMENT OF SOCIAL SCIENCE

Social science, as distinguished from folklore and social philosophy, has developed only recently. This development may be described as a striving for an objective picture of society. Every society possesses a folklore and a social philosophy. Folklore and social philosophy refer to beliefs about the nature of the world and to justifications or rationalizations for the preferred ways of life. The existence of these beliefs and justifications has been a major obstacle to the development of scientific knowledge of society and nature.

A science of society was possible only when man began to think of the world in terms of its nature, workings, and relationships, relatively free from dogma, magic, or fatalism. Certain conditions, however, had to be in existence before this objective attitude towards a study of social life could emerge. These preconditions were: (1) written records, (2) access to divergent societies, (3) rapid social change, to overcome the belief that "it has always been so and must always be so," (4) a secular attitude, (5) freedom of thought, (6) a distinction between what "is" and what "ought to be," (7) the separation of the observer from that which is observed, and (8) the availability of adequate methods of observation and analysis.

From Folklore to Social Science. Primitive and other folk societies lack the necessary conditions upon which social science depends. Primitive people do not have writing or books. Communication is only by word of mouth. The thought and experience of the distant past are legendary, vague, and lacking in the accuracy which books can provide. The absence of written records precludes both a sense of history and a science.

The primitive or folk society is a world by itself. Communication goes on mainly among the members within the society; the possibility of new ideas being developed or being introduced from other societies is slight; and the objective description of existing conditions and their comparison with other societies are virtually impossible. Moreover, the recurrent problem of life are met by all in very much the same way. One's habits are like another's habits, and the individual's habits correspond to the group's customs. Tradition plays the part of the "heavy hand" which keeps things as they have been. The ways of life are clear to all and remain relatively constant throughout the generations. A primitive society is an isolated society in which there is little social change.

Primitives have no objectivity in the sense that they are permitted to scrutinize the ways of life and the ends of living. The value of every traditional act or object is something which the members of the society are not disposed to call into question; should the value be called into question, the doing so is resented.[9] In the primitive society there is little freedom of thought.

With the appearance of the early civilizations, at least from the time of the Greeks, conditions became more suitable for an impartial study of society. The story of the liberation of students of social life from the tyranny of folklore can be reviewed briefly in terms of a few social philosophies and philosophers. Though the social philosophers were forerunners of modern social scientists, they merely echoed the particular interests and beliefs of their times. Whether the social philosopher defended or attacked the existing social system, he usually drew on folklore for arguments to support his position.

During the period of the decline of the Roman Empire, there appeared a social philosophy which has had great influence over the minds and actions of men even to this day. A body of beliefs became systematized into the religion known as Christianity. By the time of the Middle Ages, Christianity had become associated with the doctrines of the Church. The Church tried to justify its rule over the people of Europe. The philosophy which was developed towards this end was known as *scholasticism.* Scholastic philosophy taught that man is a special creation of God; that man is subject only to God's laws; and that churchmen are God's representatives empowered to interpret the laws and to enforce God's will. "According to the Church, the social system that was then in effect—one that supported the Church—was the divinely sanctioned one; consequently anyone who thought to propose a change in the *status quo* was a heretic."[10]

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[9] Robert Redfield, "The Folk Society," *The American Journal of Sociology,* Vol. 52, January, 1947, p. 303.

Though this scholastic philosophy was difficult to dislodge, the social and economic conditions in the period of the Reformation worked gradually to subordinate the power of the Church to the rising monarchs and nobility. As the monarchs became powerful they, too, sought to justify their position of rulership by reason of "divine right." During this period, modern natural science gained a foothold. Studies were made of the biological and physical worlds, and the use of scientific methods began to yield discoveries which are basic to modern science. In the realm of the social, scientific study did not make much headway, but one of the scholars in the eighteenth century, who made a serious effort to apply a scientific approach to society, was Montesqieu. Montesqieu believed that "right" is a matter of social definition, and therefore varies from people to people. His contribution to the development of scientific method was that of comparing various societies, as the ancient Greek philosophers had already tried to do when they compared the constitutions of different states.

As a result of his studies, Montesqieu came to the conclusion that there was a relationship between the climate of a region and the culture of its people. Modern knowledge about social life repudiates the climatic interpretation of culture, and, for that matter, has disproved any single-causation theory, which makes all history dependent upon some one factor—geography, race, or economics. Social scientists today hold to the multiple-causation theory, which states that all social phenomena are complex and must be explained by the operation and interrelationship of a number of factors.

During the nineteenth century, another philosopher who came close to being scientific about the nature of society was Auguste Comte. By this time, the industrial revolution was well under way and the practical consequences of the discoveries of the natural sciences were becoming evident. Comte believed that man could become master of his destiny if man could develop a science of society. He maintained that society and the human mind passed through three stages: the theological, the metaphysical, and the scientific. In the field of natural phenomena, man had reached the scientific stage; hence the great control which man exercised over nature. In the social realm man was still in the metaphysical stage —pondering and speculating about society—but he had not yet learned to examine society with sufficient detachment to discover its laws.[11]

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[10] Richard T. LaPiere, *Sociology*, McGraw-Hill Book Co., New York, 1946, pp. 11–12

Herbert Spencer, who did his work during the same century, modified Comte's idea of stages of development of society. Spencer sought to integrate all the sciences, natural and social,. into one grand system and to discover the fundamental laws behind all phenomena. Spencer believed that societies developed according to *natural* laws through predetermined historical stages. The natural laws behind social life made it foolish and futile for man to attempt to control his destiny. As long as man clung to his superstitions, the workings of the natural laws behind social life were hampered. Spencer's contribution was in line with those of Montesqieu and Comte; namely, that society was subject to man-made or to natural laws, but not to divine will. The gradual acceptance of this view provided a favorable setting for the appearance of a science of society.

Only within the last fifty to seventy-five years have social scientists been able to undertake the task of studying society with any degree of objectivity. Much effort has been used to explode many of the fictions of folklore, and much trial-and-error energy has gone into the development of appropriate methods of studying society.

THE DEVELOPMENT OF SCIENTIFIC METHODS IN SOCIAL SCIENCE

Modern social science has developed gradually out of social philosophy. It can be shown, too, that modern science and the methods of science were shaped by the prevailing view of what constituted the universe. This idea can be illustrated by the kind of science developed by the ancient Greeks and by the Scholastics.

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[11] *Ibid.*, p. 15.

The so-called Greek science, known also as Aristotelian science, was essentially a refinement of the "common sense" of the ancient Greeks. It was thought that every object in nature possesses an inner essence which strives to reach its final or perfect form. For example, man possesses an essence which strives to make man a perfect man; an acorn tries to become a perfect oak tree, and a fire tries to be a perfect fire by reaching the sky. Every essence uses some object or matter to reach its goal. But the object or matter might block the essence from reaching its goal. An acorn, instead of becoming a perfect oak, might become a badly formed tree with few leaves. The main task, though, of the scholar was to identify the perfect forms of existence and nature. The Greeks showed ingenuity in designating the perfect form of objects, but it is significant that the view which the Greeks had of the universe determined the character of their inquiry and likewise precluded the possibility of science in terms of its modern meaning.

The Aristotelian view was inadequate for several reasons. The view ignored the exceptional case. If a tree didn't become perfect, an "accident" was thought to have occurred and the case could be ignored. The question was never posed: How does an "accident" occur? The spearhead of modern science lies in taking into account the exceptional case. The exception gives the modern scientist facts and makes for an understanding of *process.* The Greek view of society dictated a description of a static world. In identifying and describing the ultimate forms and ends of life, process was ignored. Furthermore, there was no need for experimentation, although some experimental work was done in the field of medicine. Moreover, the Greek scientists saw no need for hypotheses. In a sense, there were no problems. The task was simply to identify the perfect forms. For example, it was believed that the perfect form of movement of the planets is represented by circular orbits. The discovery, however, that planets do not move in circles did not change the belief; instead, the explanation was offered that planets do move in circles but that it does not appear so because man makes false observations.

During the Middle Ages, the Scholastics formulated a different view of the world which, unknown to them, was to become the basis for the development of modern science. The Scholastics maintained that the whole universe was operating through the purpose of the Deity; in other words, God was realizing his purpose through the universe. The implications of this view were threefold: (1) that the universe is rational; (2) that God alone is infinite and man, being finite, could never, therefore, understand the ends of life; and (3) that since man could not understand the purposes or ends of the universe, at least he could study its operation.

The universe was viewed as consisting of matter involved in a process of motion. This matter in motion could not be described *qualitatively,* because the qualities or ends of the universe were known only to God; hence man could describe only matter in motion *quantitatively* in terms of mathematical relationships. It remained for Galileo and others to analyze the nature of this relationship and to develop the basis for modern physical science. If Galileo had preoccupied himself with a study of the motion of individual bodies as such, perhaps no science would have developed. Science came in the form of a hypothesis. Galileo posed the question: What is the rate of change of all bodies in motion? By setting up an abstract problem, Galileo was able to produce a cornerstone for what was later to be developed by Newton into the law of gravitation.

Because the physical world was viewed as consisting of particles of matter, similar in quality and operating in an orderly fashion, the scientists were committed to a certain type of analysis of the world. The task of the student was to reduce matter into its most simple parts and then observe how these parts behaved. This procedure can be illustrated in our own day by the process called "smashing the atom." The physicist believed that it was then possible to establish generalizations about these interacting parts by studying only a few cases. Thus, Galileo had only to study a *few* instances of falling or swinging bodies in order to generalize about the rate of change in motion for *all* bodies.

Two important points need to be made in evaluating this view. One is that the view gave rise to what is called *natural-science* *knowledge,* which means that the scientist identifies the characteristics of a class of objects or phenomena and can generalize for *all* the members of that class. For example, in a certain species of ants, those known as "fighters" have very much the same physical appearance. The second point is that the student needs only to study the characteristics of a few instances in order to generalize from these to the whole class of instances. In the example of the ants, all one has to do is observe how some "fighter" ants behave, as distinguished from "non-fighters," and one can declare that all other fighter ants behave similarly.

In interpreting the events which led to the appearance of modern science, it should be noted that there are certain essential features of all science. (1) Science assumes that all phenomena show uniformities and regularities despite the fact that reality appears to consist of unique phenomena. (2) Science is interested in means, not ends. In other words, science tries to explain *how* changes take place, not *why* they take place. (3) Science is the search for universal propositions or generalizations about phenomena which apply in every instance and permit no exceptions. (4) Prediction and (5) control—other features of science—are closely related to the discovery of universal propositions. *Prediction* refers to the ability to state what will happen when certain causal factors are operating in a certain way. *Control* refers to the ability to direct or alter the relationship between various items. (6) Science is the funding of universal propositions into systems or patterns of knowledge.

The Experimental Method. Many social scientists believe that the development of social science into a genuine science requires the use of the experimental method. The chief value of experimentation, as was indicated in Galileo's work, is that it subjects a hypothesis to a crucial test and either destroys or modifies the hypothesis or transforms it into law. A *hypothesis* is a statement of a relationship which is suspected to exist between two or more classes of items but about which there is no final or conclusive evidence. A *law* is a hypothesis which has been clearly established and represents an unchanging relationship between two classes of items.

Experimentation depends upon observation but differs from observation in that the latter merely studies the course of events, whereas in experimentation the investigator arranges for certain things to happen by setting up a *closed system.* A closed system implies that the experimenter is able to limit the number of factors at work in a given situation, and can stabilize all the factors except one. Then the experimenter changes or varies this one factor and notes what happens. In this way, a hypothesis of cause and effect can be established, and further testing is performed to determine the validity of the hypothesis. The ability of the experimenter to manipulate the factors in the situation is referred to as experimenting under *controlled* conditions. An example from the field of social psychology will be sufficient to show how the experimental method has been applied in social life.

In one experiment, individuals were subjected to some definite stimulation, in order to observe the changes which took place in their attitudes or views. The experiment consisted of first testing a number of high school students to determine their attitudes towards the Germans. Then, half of the students were shown a movie which pictured the Germans unfavorably. Later, all the students were retested, with the idea that the students who had not seen the motion picture would act as a *control group.* The attitude of the control group on the retest was similar to their attitude in the first test, whereas the attitude of the group which had seen the movie had changed to a more negative one towards the Germans. This change was ascribed to the influence of the movie.

There are several points to be noted in evaluating the experimental method. First, the control group idea, which would make it appear that the two groups of students were similar, does not really indicate whether or not the items on which the groups were matched were relevant to the problem. In the second place, the experimental procedure does not yield a proposition which has the generalizing character of natural science knowledge. One cannot say that *all* groups of *such and such* a type, subjected to *such and such* influences will have their attitudes changed in *such and such* a way. One can merely present the results of the *particular* experiment. The chief value, however, of the control group idea is that it is an effective method of preventing false claims.

Experimentation in social life, even under controlled conditions, is rather commonplace. The woman who bakes a cake according to the recipe book is an excellent example of the experimental activity which goes on daily. But experimentation as such does not make a science. Controlled experiment is of value only when it is applied to a significant problem in social life.

There are three major limitations or deficiencies in the experimental method as applied to human conduct. One limitation is that people who become aware of the fact that they are being studied may render the experimental situation unstable. Experimentation is effective to the degree that the factors in the situation remain fixed and stable. When these factors become unstable there is no guarantee that the results will be valid. The experimental method is well suited to the natural sciences where the objects being studied are inert, or in the social sciences when the subjects are unaware that they are being studied. When people place a judgment or interpretation on what is happening they are able to change the experimental situation.

A second limitation is that the experimental method requires a fixed, static situation. But social life is actually a dynamic and ongoing process. Thus, making a human situation stable fails to capture the essence of the real situation. Many generalizations derived from experimental studies concern conduct that has already occurred. It is exceedingly difficult to take ongoing aspects of social life or human conduct and subject them to experimentation without distorting the situation being studied or producing artificial results. Moreover, there are some situations in which society does not allow the social scientist to experiment, even if he himself were willing to do so. For instance, we cannot change some important aspects of society, such as our economic, political, or legal system at will in order to see what happens.

The third limitation of the experimental method is one of logic or interpretation. In a study of the nature of aggressiveness, an experimenter placed a toy between two infants. The infant who grabbed the toy was said to be aggressive. The fallacy here is the assumption that one expression of aggressiveness may be taken to stand for the whole trait. The concept "aggressiveness" requires a clear definition and a knowledge of its internal make-up before an *index* of aggressiveness can be meaningful. Even when this goal is achieved it is still difficult to take a social situation involving aggressiveness and isolate simple relations in it which can stand as an index of that characteristic.

The Historical Method. In the natural sciences, the type of knowledge which is sought is the knowledge of an unchanging, universal relationship between two or more items. This type of knowledge can be obtained when it is possible to isolate data or items which possess common features, and which can be considered to belong to the same class. The law of gravitation expresses a relationship which satisfies the standards demanded in natural science knowledge

It is difficult, if not impossible, to establish universal generalizations or laws of social life. The historical method, in contrast, seeks the kind of knowledge which makes the unique character of a concrete social situation understandable. The historical method does not seek laws; it seeks intelligibility. This method is not confined to the historian. Each of us uses this method in daily life when we are acting towards individuals or events which are unique.

Though the historical method cannot give us the type of knowledge which the natural science method is capable of yielding, historical knowledge is not necessarily unscientific or useless. Historical knowledge offers the possibility for understanding, predicting, and controlling human conduct. To the extent that an object is unique in character, there is more need for historical depiction of that object. The historical method is capable of yielding limited generalizations, usually referred to as *cultural universals,* because the generalization is *limited* to a certain culture in a given place and time.

The historical method is a synthetic process; the natural science method is an analytic process. The historian seeks to put past events into a pattern which can be stated as a specific or generalized description. For example, the historian has given us a fairly accurate picture of the medieval village. Within a certain cultural period all medieval villages exhibited similar characteristics, and life in one medieval village was very much the same as in other medieval villages.

A cultural universal, however, has some limitations. A cultural universal is not a general proposition about human behavior everywhere. It applies only to a *given* culture at a *given* time and place. In addition, cultural universals do not allow a cumulative growth or funding into a system of knowledge, as is possible with natural science knowledge. For example, it is doubtful if historical knowledge can ever become systematized into a grand generalization such as the evolutionary hypothesis in modern scientific biology. Nevertheless, historical knowledge and the historical method have given us most of the meritorious studies in social science. They have given us some intimate knowledge of our society and a degree of control over social life. In everyday life our actions are based on the historical type of knowledge. In this way each of us tries to understand people. Perhaps the very character of human life, with its constant change, requires the historical method of approach.

One type of historical method is known as the *case method.*[12] The case method is an alternative to the experimental method in those fields of knowledge where it is not possible to isolate factors or control their change. The essence of the case method is the collection of details concerning a person, group, or social situation. This may involve a concentrated study of an individual's life, a family, a community, or a nation.

The case method was used several thousand years ago by Hippocrates in the field of medicine. Hippocrates made a careful observation and recording of the condition of his patients in an effort to reveal the causes and course of illness. This method of thoroughly and systematically recording the history, symptoms, treatment, and reactions of the patient is still considered to be basic by modern physicians. About a century ago, a French scholar, LePlay, applied the case method to his study of family budgets. LePlay became the confidant of certain selected families—each representing a different stratum of society—and in this manner was able to collect a reliable set of data on family incomes and expenditures which was indispensable for a realistic picture of standards of living.

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[12] For a more elaborate treatment of the case study and statistical methods (also the "ideal-type" method, which is not treated in this chapter), see Ernest W. Burgess, "Research Methods in Sociology," chapter 2, in *20th Century Sociology*, Philosophical Library, New York, 1948, edited by George Gurvitch and Wilbur E. Moore.

The major difficulties attending the case method are: (1) securing an adequate sample, (2) collecting valid data, and (3) establishing valid comparisons between cases. It is essential that the cases used as the basis for a cause-and-effect relationship in social behavior be selected with great care so that they are truly representative of the entire population to which the conclusions are to apply. The problem of selecting a representative sample requires an intimate knowledge of the area selected for study. In addition, the observer must be able to gain the confidence of those who are selected for study so that he is not held suspect, in which case pertinent facts would be kept from him. On the other hand, the observer must not participate so completely in the social situation he is studying that he loses his perspective and objectivity.

The Statistical Method. The physicist's view that the universe operated in an orderly fashion did not stand unchallenged. Problems concerning gases made the physicist change his way of viewing the world. It came to be believed that the universe was made up of particles which were in *chaotic* motion. In the expansion of gases the physicist could not isolate a particle of gas and could, therefore, no longer study a single instance in order to establish a generalization applying to the whole class. Instead, the physicist had to study the mass of gas particles, and to do this he shifted his attention to the *aggregate.* This called for a new mathematical system which became the statistical method. Statistics might be termed "the science of averages."

Statistical knowledge is stated in the form of *statistical generalizations.* There are two forms of statistical generalizations. A statistical generalization may take the form of a *probability* for an entire series or aggregate of items. Thus there is a high probability that two persons of every thousand persons twenty years of age will die in a given year. A statistical generalization can also take the form of a *relationship* between two items. For example, a high proportion of delinquents come from broken homes. Another way of stating this is that there is a high relationship between delinquency and broken homes.

The view that the objects in the universe act in orderly fashion led to the creation of *natural science generalizations.* On the other hand, the view that the objects in the universe act chaotically and at random led to the creation of *statistical generalizations.* According to the former view, all members of a class are alike. The student needs only to study a few cases and can apply the resulting knowledge to all the members of the class. Once the natural science generalization is formed it can be used to spot exceptional cases, which are then either accommodated within the generalization, or used to modify or destroy the generalization.

The view that the universe is chaotic led to statistical generalizations which concern an aggregate or series of objects. The statistical generalization is not based on the study of an individual case, nor is it necessarily about a homogeneous class of phenomena. The statistical generalization is about an aggregate as an aggregate. It is assumed in advance that variation exists among the series in the aggregate. Thus it is impossible to generalize from a single case, or to predict *perfectly* for an individual case by applying the probability discovered for the entire series. For example, though it is possible to predict that two persons of every thousand persons twenty years of age will die in a given year, the statistical method cannot predict *which* two persons will die.

Nor is it possible to maintain that a statistical generalization, such as in the example of delinquency and broken homes, can tell which item in the relationship is cause and which is effect. One cannot tell whether the broken home is the cause of delinquency any more than one can tell whether delinquency is the cause of the broken home. It might very well be that delinquency goes along with broken homes in many instances because both of these conditions are caused by certain other factors. There is no proof in a statistical generalization as to the existence of cause and effect between two related items.

The chief value of the statistical generalization is that it enables one to predict for an aggregate in terms of probability. It has been used with great success by insurance companies in predicting the number of persons (not specifically *which* persons) under bond who will embezzle funds, by criminologists in predicting the probability of success or failure of prisoners on parole, and by family experts in predicting success or failure in marriage.

Interrelationships. It appears from a comparison of the case study method and the statistical method that they are distinctly different and cannot be reconciled. However, a significant advance in social science research has come from the interplay between the kind of insight one can get from the case study method and the verification one can get from the statistical method. For example, if it is claimed, as a result of a case study, that the members of a given nationality group want to own property regardless of how poor they are, this insight or observation can be checked by a statistical study of the proportion and the wealth of persons in this nationality group—as contrasted with other nationality groups—who do own property. The statistical method is useful in verifying an interpretation made by the case study method.

Measurement and Quantification in the Social Sciences. One dominant trend in the social sciences is the use of research methods which permit measurement and quantification. It is believed that the use of precise, exact methods of investigation—particularly as represented in the experimental and statistical methods—will bring the same advances to social science as they have to the natural sciences.

The beginning student of social science often believes that the main difference between the natural sciences and the social sciences is that the former are "exact," whereas the latter are "inexact." Although there is some truth to this notion, there are many phenomena in the natural science universe which are unknown and about which the sciences are very inexact. The biologist knows little about the common cold; and the physician is often unable to tell whether a patient's symptoms are those of measles or a mere rash until further developments take place.

There are certain phenomena in social life that can be measured with great exactness. But exactness in itself may be of little value in understanding social life. For example, it is possible to say that the average expectation of life at birth in 1946 was 65.68 instead of 65 years. The exactness does not add much to our effective knowledge. Precision or exactness is not important in itself. Exactness of data is important when it makes a problem more comprehensible and easier to solve.

There is a fundamental difference between phenomena in the natural world and in social life which further complicates the ability to measure precisely and obtain quantitative indices of social phenomena. Before examining the reasons for this, it is necessary to define carefully the terms we are using. *Measurement* is the comparison of a given quantity of something with an appropriate unit. For example, the position of mercury in a thermometer is compared with what people "feel" to be the temperature. *Quantification* refers to a way of observation that utilizes measurement, and to a way of verifying a proposition by a comparison of numbers. If it is claimed that there is more heat in one room than in another, a reading of the thermometer in each room will verify or disprove the claim; moreover, it will indicate how much difference in heat exists. The ease of measurement and quantification in the physical world stems largely from the fact that most of us can readily agree on those qualities which have physical dimensions or form, as in the case of the inch or the quart. To the physicist, one quart is like any other quart.

Another type of measurement deals with degree, or *more or less,* though the unit is not transposable to other kinds of units. One shade of red may be redder than another, but it is meaningless, for example, to say that a certain color is more red than a certain sound is loud. In the field of colors, sounds, taste, and smells, there is no common abstractible unit. On the human level, where we deal with subjective factors, such as emotions, impulses, wants, interests, and judgments, it is even more difficult to be precise in measurement and quantification. The endeavor of many social scientists to introduce measurement and quantification in social research has been one of discovering indices which can represent the unique human and social situation.

The basic criticism usually made of the objective, quantitative approach is that it fails to catch the meanings which determine the way in which human beings respond to people and situations. The questionnaire, test, and schedule are techniques which have been devised to enable the investigator to measure precisely and handle quantitatively what is being observed. But the answers which the subject gives do not necessarily tell what meaning these answers have to the subject. Hence, the investigator may not be in a position to know the subject's attitudes or how the subject is likely to behave.

The question arises whether or not there are any units of measurement in the social world. The answer appears to be that in the realm of *material* things in social life there are units. For example, there is a biological unit which permits us to count population. Prices, stated in terms of dollars per unit of goods or service, are units of measurement of economic value in that they reflect the scarcity of a good or service. Aside from these material things, the social scientist has to construct units, as in the case of the family. But it is difficult to say whether or not one's fifty-second cousin is a member of one's family. The social scientist constructs these "unreal" units in the light of his interests and problems, and the test of the value of these units is the way in which the units fit the world as we know it.

Logical Steps in Scientific Inquiry. Many scientists believe that the scientific method can be reduced to a certain procedure, which, if applied rigorously, will guarantee scientific results. These steps are as follows: (1) collecting facts relative to some problem; (2) classifying the facts; (3) making inductions from the classification; (4) deriving a hypothesis from these inductions; and (5) subjecting the hypothesis to the test of facts. If, in the course of time, the hypothesis cannot be successfully challenged, the hypothesis becomes final and conclusive and is called a law, principle, or universal generalization. This procedure is the conventional scheme given in books dealing with science and scientific method.

It is questionable, however, whether these steps describe actual scientific *activity*. Successful research does not always follow these logical steps. Scientific activity is based more on hunch, insight, guess, and keen sensitivity than on systematic progression from the first step to the next. The scientist is like a detective; he seeks clues, gets hunches, and devises techniques which enable him to test his hypothesis. The successful scientist is one who is able to set up his problem in a clear-cut manner; he knows what is implied in the problem; he seeks to discover what data would be pertinent and how they could be obtained; he anticipates what methods of classification and analysis he can apply to the data; and he knows whether or not he can make headway in solving the problem. Scientific method depends more upon the fruitful imagination of the investigator than it does in following the steps usually associated with scientific procedure.

These steps really refer to the aspect of scientific method known as scientific *demonstration*. When a scientist advances a hypothesis to other scientists, he must be able to convince them that his hypothesis is valid. The proof which is offered is in the form of a logical presentation in which the materials are arranged and advanced by the steps referred to above. There is merit to this scientific procedure, because one mark of a science is the ability to verify a hypothesis. Verification is possible because the scientific procedure enables any one to discover whether or not the hypothesis will hold if the same steps are repeated.

In summarizing this account of scientific methods in the social sciences, it is important to remember that there is nothing magical or sacred about any method of inquiry. Science is created not by using scientific method, but by working with appropriate problems. It is the problem that determines the relevance or appropriateness of the method rather than the reverse relationship. Any method is *scientific* if it helps to discover truth. And the truth which is important in social life is the kind that gives intelligibility to the understanding of human conduct.

SOCIAL SCIENCE AND SOCIAL PROBLEMS

The variety of approaches and the mode of organization of the social sciences present difficulties in studying social life. The division of social science into specialties, while helpful in many ways, stands in the way of a comprehensive view of social reality. For one thing, the findings of many research studies within each social science, though valid, are inadequate to develop the body of knowledge that is necessary to comprehend and cope with a social problem. In the second place, much of our social research findings add little knowledge of practical usefulness. It can be argued that "social science, without prejudicing its scientific interests, must discharge its social responsibility by answering the larger and more important questions which society raises."[13]

One of the areas to which social science can be applied fruitfully is that of *social adjustment* which individuals, groups, ways of living, and institutions must make to new social forces.[14] The pressure of a large number of forces is undermining and transforming modern civilization. The instability of our economic, political, and international systems; the scientific discoveries and technological improvements; the strivings and struggles of under-represented groups; the increased mobility of people; the clash of different schemes of life; the struggle among institutions and their encroachment on one another; and the increasing preoccupation by people with novel and shifting events—these are outstanding among the disturbing forces.[15]

The reality of modern social life is grasped in the recognition that individuals, groups, ways of life, and institutions are confronted with new situations which challenge previous forms of operation and require new adaptations. In the face of these problems, individuals may have to change their views, attitudes, habits, attachments, and philosophies. Groups may undergo changes in traditions, values, codes of life, and relations to other groups. Institutions may have to discontinue old practices, undertake new functions, and enter into new relationships with the institutions.[16] The value of studying social reality in this way is that such a study gives us a clearer picture of our modern social life and a body of knowledge concerning the major social processes.

Social adjustment may be viewed as a series of social problems. Social problems, as we shall see in the next chapter, do not arise from the nature of things. A social problem is a situation which is recognized as unsatisfactory and as subject to remedial action. Social problems are situations which vary from accepted norms, falling short of expectations and possibilities as we see them in the light of what once was, what exists elsewhere, and what we think is possible with our present knowledge, power, and resources. A situation is not a social problem if we cannot imagine it different from what it is and if we see no way of changing it. Social problems always involve social values. This complicates the work of the social scientist enormously, but it also gives his work its strategic social significance.[17]

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[13] Louis Wirth, "Responsibility of Social Science," *The Annals of the American Academy of Political and Social Science*, Vol. 192, January, 1947, p. 147.

[14] Herbert Blumer, *op. cit.* [15] *Ibid.* [16] *Ibid.*

SOCIAL SCIENCE AND SOCIAL VALUES

Group life is found among many animal species. But man's social life alone has values. The essence of human group life is the sharing of values by the members of society. Any real understanding of social life necessitates a consideration of the values of the group; how these social values arise, how they function, and how they change. *Social values* refer to those things which are thought to be desirable by society, whether they be money, free competition, or equality of opportunity. Though social values are basic to the social order, the members of the society are usually unaware of them. Social values are often taken for granted, and only when they are threatened do people become conscious of their existence and of their importance to the unity and welfare of society. Social values, moreover, are like colored eye-glasses. They color the view we get of society and influence the meanings we have of life and our world. It would appear that the social scientist can never escape from dealing with values. However, social scientists differ in opinion as to their role in considering social values.

There are some social scientists who try to avoid dealing with social values because they claim that values involve judgments which are essentially subjective, and that no science can be developed by considering values. At the other extreme are the social scientists who insist that the social scientist is the best-equipped person to determine what the social values should be. The criticism of these extreme views should throw some light on the proper relationship between social science and social values.

A consideration of values is not incompatible with social science. In the first place, if the student of humanity and society is really to understand that which is most characteristically human and social—his moral life—he must study the nature of his values. In the second place, it is claimed that a study of values, or standards, cannot be objective. Actually the term "value" does not refer to a "thing." Value is a noun, and can be used meaningfully only when used in the sense of "valuating behavior." As Lundberg puts it, "we say a thing *has* value or *is* a value when people behave toward it so as to retain or increase their possession of it."[18] It is a commonplace in daily living to study other people's values. Getting along with others necessitates that we find out as quickly as possible what other's values are. Each of us does this by observing what people do and what they say. The social scientist, however, observes, classifies, and interprets behavior more precisely, using his special techniques and procedures. The social scientist is capable of describing a pattern of behavior involving values without necessarily passing judgment as to the goodness or badness of the behavior. As with all science, the social scientist must make judgments (which involve values) about the relevance of his data to his problem, the weight to be assigned to the data, and the meaning of the data.

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[17] Louis Wirth, "Responsibility of Social Science," *op. cit.*, p. 150.

The social scientists who believe that their scientific status gives them the privilege, if not the responsibility, to decide the value system for society are held more suspect than the group who would have nothing to do with social values. No civilized society has ever assigned the task of establishing the moral order to the scientist as scientist. This task is outside the competence which scientific training gives any scientist.

What, then, is the special function or obligation of the social scientist in determining the purposes and objectives for which social-science knowledge is to be used? Perhaps the consensus is that, as scientists, "it is their business to determine the immediate and remote costs and consequences of various possible courses of action and to make these known to the public."[19] The social scientist can show us what our values are and whether the values for which people strive are compatible and consistent. For example, if people desire the values of freedom and security, the social scientist's task is to show how much of each value a person can have. Or if people want a maximum of the value "freedom," the social scientist can tell how much of the value "security" will have to be sacrificed. In the second place, the social scientist can help put meaning into values. For example, most people are in favor of progress, but the social scientist makes people aware of the kind of progress they desire and the direction which that kind of progress will take. In this way, the social scientist does not set or determine the values, but he makes the values clearly understood and in so doing provides people with a way of testing them. Finally, social science is capable of showing people how to achieve their values. The scientist has no right to dictate, for example, whether or not you should take a trip; but if your object in making a trip is that of economy, he should be able to tell you what trip is the cheapest.

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[18] George Lundberg, "Can Science Save Us?" *Harper's Magazine*, Vol. 191, 1945, p. 529.

[19] *Ibid.*, p. 530.

The foregoing remarks should not leave the impression that the social scientist is a mere robot. It must be remembered that the social scientist is in a dual position; he is both an actor in and a student of social life. As a scientist his primary task is to analyze. As a citizen he may join other citizens in advocating one course of action rather than another. The example of Hitler should make clear to the student of social life that social-science knowledge can be used for destructive purposes in the hands of unscrupulous leaders. In a democracy, the social scientist must allow his other personality, the citizen, to guard the value system of the democratic state so that it is not destroyed through the skills which he has developed as a scientist.

SOCIAL SCIENCE AND ITS APPLICATIONS

The respect which people generally have for the physical and biological sciences arises mainly from the fact that much of the basic knowledge of these sciences has been put to practical use. Physicians, dentists, engineers, and other technicians have applied the knowledge of physics, chemistry, and biology in constructing safer buildings, making faster airplanes, checking diseases, and producing larger crops. The social sciences have also developed technicians who have been professionally trained to apply facts and generalizations developed by social-science research to practical social situations.

Educators. Education is one of the leading consumers of the products of social science. Perhaps no other group of social technicians has been entrusted with a function so important as have the educators. A principal concern of society is the continuation of its culture, and the job of the educator is that of devising and applying the most effective means of transmitting the social heritage to the members of society. Drawing mainly from sociological and psychological findings, the educator has developed procedures designed to aid the learning process, has adapted courses to the needs of the particular school population and to society, has provided a favorable setting for the physical, mental, and emotional development of the student, and has promoted the social forces which influence the building and managing of efficient schools.

Social Workers. Social work is a profession which attempts to conserve human resources. Social work is based on scientific knowledge borrowed from biology, psychology, economics, and sociology. The social worker is concerned with the same data as the social scientist, but the primary purpose of the social worker is *action* which will enhance human well-being, whereas the primary aim of the social scientist is knowledge.[20] The social worker attempts to (1) develop, maintain, or restore physical, mental, and social efficiency; (2) prevent the loss of social efficiency; (3) effect adjustments of individuals and groups to the existing social order; and (4) provide humane care for the permanently incapacitated.

Social Psychiatrists. Social psychiatry is a professional service which attempts to understand the nature of social disorganization, to prevent its occurrence, or to solve social disorders which arise. On the theoretical side, social psychiatrists differ widely in their point of view. Certain social psychiatrists see social disorganization as the expression of the presence of disorganized individuals; others see social disorganization as a reality in itself. In the former view, the individual becomes disorganized because the cultural demands conflict with the biological needs of the organism, and the inhibiting effects of the cultural standards result in neuroses, and so in crimes, revolts, war, and other types of social disorganization. In the latter view, individual disorganization is to be understood in terms of "cultural crisis," or the fact that the culture of the individual is in conflict with itself.

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[20] Edward B. Reuter, *Handbook of Sociology*, The Dryden Press, New York, 1941, p. 229.

On the applied side, the social psychiatrist tries to isolate the social factors causing each instance of mental illness, and to change the patient's social life in order to eliminate or ameliorate these factors.

Public Policy-Makers and Administrators. Social science knowledge has been used liberally by administrators and policy-makers in all levels of government. The work of social scientists in Washington and elsewhere during the war is an outstanding example of their important part in the war effort. Economists, psychologists, sociologists, and political scientists acted as advisors to the President, cabinet members, and various department heads in giving content to policies which were already established, in evaluating proposed policies, and in developing administrative machinery to implement policies. Even before the war, social scientists were called from their universities to advise on the money and credit structures, social security legislation, standards for the national census, and international economic affairs.

Social scientists also serve as staff members for government department heads. There are several thousand economists, statisticians, and other social scientists employed by the Federal government. At present, the United States has named some able social scientists to serve on various councils in the United Nations. There are also a number of private research agencies making valuable social-science knowledge available to the government and other agencies. Statesmen and public administrators are discovering that the social scientist's knowledge of economic, political, and social processes is indispensable to any serious effort to deal realistically and constructively with the problems of society.

Social Engineering. Social engineering may be defined as the application of knowledge of social life to specific social problems. In this sense, social engineering embraces all of the specialized fields which apply social science research knowledge. For our purpose, however, social engineering will refer to a specific area; namely, to planning for the future. There are many examples which might be cited, such as city planning and regional planning (as in the case of the T.V.A), but for purposes of illustration mention will be made only of the general role of technology in our society.

In 1937, a Federal government report titled *Technological Trends and National Policy*[21] was the first major attempt to show the kinds of new inventions which might affect social life in America during the next quarter century. The committee which drafted the report indicated which inventions would be likely to come into widespread use, as well as some of the problems which the adoption and use of these inventions might bring. The major contribution of the committee lay in its suggestions for the kind of planning which would enable our nation to bring about adjustments with the least possible social suffering, loss, and dislocation.

These fields of applied social science are only a few of the arts and professional specialties which try to solve social problems. There are other important applied social sciences, such as clinical and child psychology, public opinion analysis, marriage counselling, market research, and criminology. One of the big needs in the social sciences is for the development of more social technicians who can make use of social data to solve social problems. At the present time the market can absorb many more trained social technicians than the universities can furnish.[22] In the final analysis, the value of the social technician's efforts depends upon the extent to which our knowledge and understanding of society grow and become refined. The basic social sciences must develop beyond their present status before more effective social engineering can be undertaken.

TOWARDS A DEVELOPED SOCIAL SCIENCE

The social sciences in their present state of development cannot be regarded as capable of providing easy solutions for an enormous range of social problems. Mention should be made of certain needed developments as well as certain promising tendencies, in

[21] National Resources Committee (later known as the National Resources Planning Board) Washington, D. C., Government Printing Office, 1937.

[22] Pendleton Herring, "The Social Sciences in Modern Society," *Items*, Social Science Research Council, New York, Vol. 1, March, 1947, p. 5.

answer to the question: Can we have a fully developed social science?

One need is for the integration of the social sciences. Though most social scientists agree on this goal, they differ as to the best means of attaining it.[23] One suggestion is that social scientists should develop their respective fields so that the increased accuracy and volume of knowledge can some day automatically become *one* social science. Another suggestion is that representatives of various social sciences should direct their research activities toward timely social problems, such as war, housing, race relations, or labor-management relations. It is suggested also, that individuals be trained in overlapping social science areas, such as the area of human development.

Another need, which is closely related to integration, is for the discovery of a better way of representing the social world which will enable the social scientist better to understand and handle social experience. Historically, the social sciences have borrowed theoretical points of view and methods of investigation from the natural sciences. This practice in itself is not undesirable if the social scientists would subject these imported schemes and methods to the test of whether or not they throw light on the problems of society. Unfortunately, this has not always been the case. Instead, social scientists have shown great ingenuity in ordering the data of social life to fit these imported theories. There has been too little testing of the theories by the social facts. Moreover, many social scientists maintain that if their research followed the canons of the scientific method, their studies would automatically be of value. However, a science does not develop in this manner. Science grows when significant problems are studied and appropriate methods are developed to solve these problems.

A third need is for more effective dissemination of social-science knowledge to the public at large. The success of social-science knowledge and social engineering depends upon what the ordinary person believes about the value of social science to contemporary life. One reason why the social scientist is often blocked in his endeavors is that his subject matter compels him to scrutinize our institutions, practices, and values. To do so is "to court the displeasure, if not the outright hostility, of the dominant elements in society, especially those who have a vested interest in things as they are."[24] Social science knowledge always threatens to become "dangerous knowledge" and must run the gauntlet of those who have a stake in the discovery and dissemination of the facts and their interpretation.[25] It is not enough to analyze a social problem and establish a course of action that would bring about a solution. The social scientist has lacked the power to persuade others to put his program into operation. The social sciences must search for knowledge about relations among men and the means for generating the will and the capacity for action directed toward the achievement of a good society.[26]

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[23] Louis Wirth (ed.), *Eleven Twenty-Six*, University of Chicago Press, Chicago, 1940. See the section, "The Social Sciences, One or Many," pp. 113–152. For a recent interesting, suggestive, and provocative proposal see Earl S. Johnson, "*How Can We Construct a General Course Which Achieves Genuine Integration of Social Studies?*" (unpublished), Department of Sociology, University of Chicago, 1948.

Can the social sciences develop scientific laws about human conduct and society? Or is it possible only to develop a body of very useful knowledge about social life? The human being is capable of responding on the basis of the meaning he gives to a social situation. This interpretative ability makes for variation and instability of behavior. Further improvement in the ability of the social scientist to get an understandable picture of what takes place in the mental experience of the individual and of how the individual utilizes his social situations to gain satisfactions should make the social scientist more useful and may also give us a more realistic social science.

TERMS TO BE UNDERSTOOD

social science
natural science
humanities
frame of reference
common-sense knowledge
folklore
hypothesis
experimental method
"closed system"
control group
cultural universal
statistical generalization
measurement
quantification

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[24] Louis Wirth, "Responsibility of Social Science," *op. cit.*, p. 147.
[25] *Ibid.* [26] *Ibid.*, p. 151.

scientific method
scientific demonstration
natural science generalization
social problem
social value
social technician

QUESTIONS FOR DISCUSSION

1. It is claimed that the social sciences are not so advanced as the natural sciences because (a) the subject matter in social science is not suitable for objective study; (b) social science is actively resisted by the public; (c) social science is young; (d) social science does not get the best students; (e) social science does not receive enough financial support. What do you think of each of these claims?
2. What is the difference between common-sense knowledge and social-science knowledge?
3. What conditions must be in existence before social science can develop?
4 What is the difference between (a) a natural science generalization, (b) a statistical generalization, and (c) a cultural universal?
5. How would you describe (a) the experimental method, (b) the historical method (include the case-study method), and (c) the statistical method? What is the value of each of these methods, and what are the weaknesses or limitations of each?
6. What are the canons of a science? Distinguish between scientific procedure and scientific activity.
7. Of what value can the social scientist be in the study of the values of a society?
8. Briefly show what some of the applied social sciences do.
9. What do you think are some of the needs of a more effective social science?

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PART ONE

BASIC FACTORS IN SOCIAL PROBLEMS

Part One is concerned with the general setting of human social problems; hence, it points to the basic factors which shape social, economic, and political life. It deals with social change, man's biological nature, his physical surroundings, population, and technology. Part One enables the student to see that various approaches are possible in studying persons, social problems, and the structure of society. Each approach reveals a distinctive aspect of social reality. Taken together, these various perspectives offer a more comprehensive view of what makes our social life what it is and what produces the social problems to be faced, than would any particular approach by itself.

The fact that social life is always changing is so fundamental a part of our understanding today that we almost take it for granted. This has not always been so, however, in the history of man. Therefore, Chapter Two is devoted to an analysis of the ways in which social change affects the problems of society.

Similarly, the recognition that human social life is influenced by man's biological make-up and by the physical setting in which he lives, which nowadays we regard as obvious, calls for explicit analysis. This is provided in Chapter Three.

Chapter Four offers a view of social problems as they appear when men and societies are seen as numbers of human beings with specific characteristics occupying a given space or area. This aspect of the study of man which is sometimes called *demography* is relatively far advanced partly because it lends itself easily to quantitative analysis.

Finally there is included in Part One a chapter on technology. This calls attention to the fact that social problems are in part the result of man's effort to remake the natural world in which he lives and the consequent need for constant readjustment of the tools, the machines and the science he has himself created.

Part One, as a whole, is designed, therefore, to aid the student to see social life and social problems in their broadest setting of constant change, a varying habitat, the biological potentialities and limitations of man, the distribution in space and the characteristics of people, and the transformation man has made of the world in which he lives through his inventive and creative powers.

Chapter Two

SOCIAL CHANGE AND SOCIAL PROBLEMS

If there is one thing of which we can be certain, it is that we are living in an age of rapid and widespread changes. On every level of existence—personal, national, and world-wide—we find upheavals in established social patterns. Individuals, groups, ways of living, and institutions are being challenged by changing social forces. The contrast between man's increasing ability to control his physical world and his inability to direct his human affairs was never so sharp nor so dangerous in its implications. At times like the present, when every day seems to reveal new crises, it is especially important that we understand the nature of social change.

Society never stands still; it is always changing. Everything that is alive changes; the social, economic, and cultural worlds—all human relationships—are constantly changing. The term "change" is neutral; it connotes nothing good or bad, but simply a condition different from that which existed previously. Change, whether slow and imperceptible or rapid and distressing, such as at the present time, is characteristic of all societies. In order to understand social life, the nature of social change and of social problems needs to be examined. The need for such understanding is particularly urgent in view of the drastic changes now taking place throughout the world, and of the extreme interdependence of all nations.

Following World War II, most of us have been made acutely conscious of the tremendous complexities of the social world in which we live. We are constantly subjected to changes which leave bewildering social problems in their wake. For the first time many of us are seriously concerned with such problems as war and international relations, industrial relations, and race relations. Though we live in a world vastly different from that of Columbus and

Luther, many of our basic ideas of government, economics, law, religion, and education are rooted in the Middle Ages. The great mass of people who lack understanding of the social process feel hopelessly frustrated. Understanding the relationship between social change and social problems is, therefore, basic to an understanding of the contemporary scene.

THEORIES OF SOCIAL CHANGE

The notion that the ultimate ground of the universe is an absolute which remains the same through all time and circumstance has been accepted by thinkers at least since the time of the early Greeks. This absolute has been variously identified as fire, air. mind, and so forth, but it was Heraclitus of Ephesus (560–470? B.C.) who first suggested that the only permanent reality in a changing world is change itself, thereby giving rise to the philosophy of change. From earliest times writers have tried to explain the underlying principles of social change and to chart the direction of the changes. Some early Greek writers thought that man had degenerated from an ideal "golden age" to an iron age, and was passing through the ages of silver and bronze. This concept of the fall of man and his subsequent redemption was later widely accepted in the Hebrew-Christian tradition.

During the nineteenth and early twentieth centuries another concept was widely held. Human progress was deemed inevitable, and all life, social and organic, was said to pass naturally through successive stages from simple to complex and from crude to more perfect forms. According to the evolutionary concept, culture passes from the simple and imperfect to the complex and more perfect through a series of gradual, fixed stages. The progress of all institutions and forms of group life proceeds through uniform patterns towards perfection.

As scientists have obtained more knowledge of the history and cultures of various groups, both primitive and civilized, the static theories of step-wise development have been discarded. These theories are so broad, and the principles so general, that they offer little detailed explanation or prediction. Furthermore, anthropological studies show that groups and institutions do not develop along unilinear lines. For example, such diverse practices as polygamy, polyandry, and monogamy have been found to exist in the same period of time but in different places.

Many attempts have been made, particularly in recent years, to explain social change in terms of cycles. Some writers have held that institutions, societies, and civilization itself pass through cycles of growth, climax, and decline. The conception that "history repeats itself" underlies the predictions of the destiny of modern civilization based on the fate of ancient Greece, Rome, or other past civilizations. Many writers have applied the cyclical theory to society and have shown how a society, or phase of a society, develops, reaches its peak, and finally declines.[1]

Attempts have been made to explain social change in terms of the supernatural, geography, race, population characteristics, economic conditions, culture borrowing and diffusion, inventions, and other single factors. A given culture, however, is the product of too many factors to be dealt with in any easy formula. Yet one thing is sure: change is inevitable. Man enters into a dynamic relationship with his environment no matter where he exists, and this dynamic relationship is sufficient in itself to produce change. The physical environment changes from day to day, requiring that man make new types of adjustment. These types of adjustment in turn impress themselves on man's environment, so that nowhere is his condition completely static.

But what is change? Change and evolution are not the same, for the latter implies a steady development from less efficient forms of life or organization to more efficient forms. Nor is change identical with progress. Progress implies change in a given direction; change toward a condition believed by the group to be somehow better and finer. Progress is change oriented toward some desired end or goal. When we speak of social change we are not thinking of advancement or of replacement. We simply mean that new factors disturb old modes of adjustment. New conditions are constantly upsetting established relationships. New things are introduced; new uses are found for things already known; new attitudes and new ideas arise. With new conditions, new adjustments become necessary.

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[1] For a comprehensive list of cycle theories see Pitrim Sorokin, *Contemporary Sociological Theories*, Harper and Bros., New York, 1928; pp. 730–38; also see Oswald Spengler, *The Decline of The West*, Alfred A. Knopf, New York, 1926.

KINDS OF SOCIAL CHANGE

Social change may be gradual or sudden. In the social code of old China, for example, the elders are respected highly whereas youth enjoys little prestige. This idea is countless centuries old, and has itself undergone change. Though slight, there has been change in the direction of according some prestige to youth. The supreme social values for centuries have been identified with elders and ancestors. But suppose that, as a result of wars and wider contact with the western world, the survival of the social values comes to depend upon the efforts of youth. Then it is possible that, perhaps in less than one generation, the veneration for the aged will change in favor of respect for youth.

Some historians point out that the origins of modern democracy are to be found in the social organization of the old Anglo-Saxons. The change to modern democracy was so slow as to be almost imperceptible. Since the turn of the century, however, extremely rapid changes have taken place in the socio-economic framework of democratic countries such as America and England. In less than a generation, Russia changed from a predominantly agrarian nation to an industrial-agricultural nation. Thus, social change may be radical enough to be revolutionary; or it may be nearly imperceptible. Both extremes may proceed side by side within the same culture; we shall have something to say of this later.

Revolutionary programs, though consciously directed toward social change, sometimes have the opposite effect: that of retarding social change. Frequently such programs arouse such bitter conflict between opposing groups that even mild programs for social improvement are blocked. Each contending group becomes so suspicious of the programs of other groups that, in the zeal to test the competitors' programs for their "hidden" radical content, humanitarian ideals of long-standing acceptance are rejected as dangerous.

Social change may be the result of conscious direction, as in the case of Russia, or it may be wholly unanticipated. The change from a rural and agricultural society to an industrial and urban society was not foreseen by our forefathers, many of whom doubtless thought that they were legislating for all time. On the other hand, social change respecting the exploitation of child labor has been consciously directed.

The student will see that many of the problems our society faces result from the failure of what is called the *nonmaterial culture* (which includes such things as folkways, moral codes, institutions, manners, laws, beliefs, ideals, language, systems of thought, and the like) to keep pace with the changes in the *material culture* (weapons, tools and machines, radios, telephones, typewriters, canoes, houses, clothing, and so on). Now it frequently happens in societies characterized by widespread and rapid social change in the material culture that the nonmaterial culture remains relatively static. In the last fifty years machines have been devised which enable man to produce goods in superabundance; yet the ideas, beliefs, and customs related to the distribution of goods have changed hardly at all. The invention of labor-saving machines is not at once accompanied by changes in our habits and hours of labor.

Each new change in the material culture ("technological progress," if you will) affects every area of the nonmaterial culture to greater or lesser degree, although changes in the latter may also proceed independently of changes in the former. The process may at times be slow; nevertheless, any fundamental change in the material culture eventually flows over into the realm of religion, manners and morals, and institutions. In our culture, the rise of a highly specialized machine technology was followed by a shift in the population from rural dispersion to urban concentration. The first situation was rich in face-to-face relationships and intimate personal contacts; the second is characterized by hurried, touch-and-go contacts and impersonal relationships.

With the establishment of machine technology, the workday has been reduced greatly and leisure time has descended to the masses. The need for recreational outlets has gradually invalidated the ecclesiastical bans on dancing, card playing, and kindred activities once stigmatized as "the sins of the rich," and the vices of the classes have become the virtues of the masses.

Nor have intellectual elements remained unaffected by changes in the material culture, although the effect here is perhaps more indirect. With the triumph of the Industrial Revolution, the theory of democracy routed that of aristocracy; and, in the process, notions of scientific care and rehabilitation gained the ascendancy over ideas of individual responsibility in the treatment of the socially inadequate—the poor, the insane, the criminal. In the realm of education, developmental concepts have been substituted for theories which call for the suppression of "animal tendencies." Though the connections between such changes as these and changes in the material culture are sometimes obscure, and perhaps occasionally nonexistent, the essential point is that society functions as an organic whole. Change in any one phase of the culture may be expected to be accompanied by changes in any or all of the others.

FACTORS IN SOCIAL CHANGE

The long history of mankind is a continuous story of social change in which many factors have been at work. These factors may be grouped into certain broad general classes: geographical, biological, cultural, and psychological. *Geographical* or environmental factors include climate, natural resources, surfaces, waterways, temperature, and rainfall. *Biological* factors include density of human population, density and character of plants, and animals; population make-up; birth and death rates; age, sex, and racial composition. *Cultural* and *psychological* factors include technology, folkways, mores, laws, institutions, inventions, and attitudes toward inventions. The influence of cultural factors is extremely important in social change since it is not so much the physical or biological environment of an individual which counts, but how the individual reacts to and is affected by these factors.

Geographical Factors in Social Change. A given group of people living in a particular area becomes adapted to the local geographic conditions. While these conditions seldom change drastically enough to destroy the culture of the group, neither do they remain the same. Changes, whether natural or man-made, are constantly taking place, necessitating direct or indirect adjustments in the group's social life. A drought, an earthquake, or a famine not only makes drastic changes in the lives of those directly concerned but also has far-reaching effects upon other groups and countries. Communities may be wholly depleted in the wake of some geographic catastrophe. Many communities which were once flourishing mining towns or agricultural areas are now deserted ghost-towns or empty wastelands because of the exhaustion of coal, oil, gold, soil, or other natural resources.

Geographic changes are a vital factor in human migrations. If geographic conditions change for the worse within a given area, there will be a tendency for emigration from the area to more promising lands; if conditions grow better, there is apt to be an influx of individuals from the outside. Frequently people adapt themselves to a particular environment by modifying their surroundings through the use of devices for heating, humidifying, air conditioning, irrigating, and so on. Another type of adjustment to difficult physical conditions is that in which people simply attempt to accommodate themselves to things as they are.

Biological Factors in Social Change. Biological environment definitely influences social life and social change. Man makes use of the available plant and animal life in ways determined by his culture, just as he defends himself against such enemies as bacteria, dangerous animals, insects, and poisonous plants with the best means he has been able to invent. Geographical changes, such as colder climate, soil erosion, and the drying up of lakes or streams, have a marked effect upon the subhuman struggle for life, and these changes, in turn, affect man's cultural adjustments.

The relationship between density of human population, geographic environment, and culture is basic to social change. The influx of large numbers of people to a particular area necessitates new means of satisfying their needs for food, clothing, shelter, employment, and recreation. The density and make-up of populations set up new forms of social interaction between individuals. The presence of men only in a community would result in a social life far different from the life in a community made up of men, women, and children. A disproportionate number of people in particular age groups may create various social problems. An aging population has different needs and attitudes and requires greater care and economic assistance than a population more predominantly in the productive years.

Cultural and Psychological Factors in Social Change. Ideas affect social change and, those that do, fall into two main classes: ideas based on the observation of material conditions, and ideas which have their origins in the mental and emotional states of men. The disappearance of buffalo grass from the western plains as a result of wheat culture gave rise to the dust storms of a few years ago. The consequent wind erosion necessitated a complete reorganization of the life of the people of the entire area.

The second class of ideas which affects social change arises from the fears, wishes, hopes, loves, hates, and aspirations of men. Such systems of ideas are called "ideologies." The Communist doctrine of the classless society, for example, probably arose in response to the oppression of the masses by the upper classes. Incensed over their subordinate position, some men conceived the idea of a social order in which no division on the basis of superordination-subordination could exist. The far-reaching changes taking place in many parts of the world are in part due to the impact of ideologies upon the emotions of people, for the emotions are dynamos which set us in action. As to which of these types of ideas is the more important, it is hard to say. Perhaps it is safe to conclude that in one epoch and in one particular society ideas of fact enjoy priority, whereas at other times and in other societies wishful ideas are the more important. At no time, however, is one type of ideas operative to the exclusion of the other.

Collective action, usually in the form of legislation, affects social change, although its influence is rather indirect than direct. Restrictive legislation may retard social change, but the forces making for change are like a leaven: they keep working and seething underneath and eventually break through the legislation either by flanking it or by negating it. Not only may legislation retard social change; it may accelerate it somewhat, just as some labor legislation has accelerated the development of machinery and institutions for the settlement of labor disputes. To be effective in social change, legislation must be grounded in the folkways, or the established and accepted ways of doing and believing that have grown up among a people, otherwise known as "custom." If it is anything other than what people have come to want and expect, it encounters greater difficulty in succeeding. The failure of the Prohibition legislation of 1919–1932 was probably due to the fact that it did violence to our belief in personal liberty.

Inventions. Inventions, both material and nonmaterial, are one of the most important factors in the process of social change. Equally important are the attitudes, customs, and institutions of a group, which determine their response to, and application of, new inventions.

The appearance of any new culture trait always depends upon the culture which already exists (that is, the *culture base*). The level of the skills, materials, and techniques of a culture is fundamental to the realization of an invention, because material inventions are dependent upon prior inventions before they can come into being. For many years scientists had labored on theories of splitting the atom, but not until complex machinery and highly involved techniques were perfected could these theories be tested. Moreover, no matter how efficient the invention may be, a culture has to be "ripe" for the innovation before it is acceptable. New systems are not practiced, whether they be systems of government, marriage, manufacture, or child-rearing, until the attitudes and beliefs of the groups are such that they are able to comprehend the innovations and put them to work.

The nature of inventions varies among different cultures, depending, in part, upon the social attitudes of the group. Some groups emphasize the traditional ways of doing things and frown upon any innovations. Groups such as the Pueblo Indians or Australian primitives readily accept inventions of a ritualistic or artistic nature, while they resist mechanical inventions. Our society, on the other hand, frequently welcomes mechanical inventions, but is reluctant to alter its mores, laws, and institutions. Social values vary from time to time within a group, and changes in social behavior go along with the changing values.

Inventions in themselves do not directly produce social change.

It is the use to which society puts the inventions which makes for change. The same invention at different times, or in different places, might produce altogether different results.

Consider some of the changes which have attended the invention of the automobile and the electric light! The places where people live and work, their mobility, ease of contact, recreation, courtship patterns, crime problems, accidents, the closer relationship between urban and rural areas, and the conveyance of foodstuffs and other merchandise are but a few of the instances of the influence of motor power. In less than one generation the automobile has destroyed supervision in courtship; the chaperone is now almost a museum piece. Concomitantly, cheap electric light has given us the midnight show and dance hall. As a result our young adults start on a date just about the time our parents would have been kissing good night.

Cultural Diffusion. Social change occurs not only through inventions and discoveries but also through cultural *diffusion;* that is, the transference of elements of culture—either material or nonmaterial—from one group or society to another. While many similar inventions have been made independently of one another, more elements are transferred from one group to another through cultural diffusion than are developed through independent invention. Cultural diffusion may be either direct or indirect. "Direct" diffusion refers to transfer through personal contacts between individuals or groups. In the past, direct contacts were made by warriors, missionaries, traders, and others who carried cultural traits and material from one place or group to another. "Indirect" diffusion refers to diffusion carried out through impersonal means, particularly through such modern inventions as the radio, movies, telephone, printing press, airplane, and other forms of rapid communication.

Wars have been an active agent of diffusion. Despite the active campaigns carried out during both World War I and World War II, which attempted to estrange and isolate our country from the enemy's, large-scale reciprocal diffusion inevitably resulted.

Though groups may come into contact with other groups, the extent to which they adopt various cultural traits and patterns varies greatly. Most peoples readily accept material inventions of other groups, including their technology and medical, industrial, and agricultural developments; but they resist or reject social inventions related to government, family relationships, religion, art, or recreation. The rate and extent of diffusion are dependent upon a number of factors: transportation and accessibility, means of communications, resistance, attitudes, war, migration, need, and adaptability of the new cultural element to the existing culture. Isolation from others because of geographic conditions or lack of means of communication greatly limits cultural diffusion for a group.

RESISTANCE TO SOCIAL CHANGE

Social change never proceeds without some degree of opposition, not even in the most changing societies. This is particularly true of the institutional forms of social life. A variety of forces are constantly at work to hold back the tide of progress, no matter how urgent may be the need for change. Institutions, because of their power to generate and maintain habits of thought, feeling, and action, are inclined to be inflexible and tenacious. Because institutions have achieved sanctity in the eyes of the group, he who suggests a change in the hallowed institutions is often considered dangerous and a menace to the group. The student should not confuse institutional behavior with the folkways and the mores. The folkways are those social habits to which no compulsion is attached. One may violate the folkways and suffer no censure beyond mild ridicule. Eating with chopsticks or knives and forks, shaving, and shaking hands with friends, are folkways. The mores, on the other hand, are those social uniformities to which moral connotations are attached. Social disapproval or even ostracism attend the violation of the mores. It is, for example, against the mores to gratify basic needs outside of the approved institutions. In our culture, it is in the mores to respect one's elders, to honor the flag, and to support young children.

The fact that we are inducted into the institutions from childhood tends to impress upon us an attitude of conformity where these social habits are concerned, in the light of which most of us come to look upon nonconformity as vulgar and even despicable. This attitude of conformity often keeps our noses to the institutional grindstone even when to do so works a definite hardship upon us.

At times, technological as well as social innovations have been strongly resisted. Many people stand to lose by the changing of the status quo, not only materially but in power and prestige. When railroads were first introduced, their operation was opposed as "hell on wheels," and their phenomenal speed of fifteen miles per hour was thought to go against the will of God. There has been, and in some cases there still is, opposition to publicly-owned fire departments, city garbage collections, public junior colleges, movie exhibitions on Sundays, social insurance, public housing, voting machines, airplanes, and many other instances. Industrialists have sometimes rejected innovations which threatened their markets or potential profits. Consideration of public service is frequently subordinated to consideration of the costs involved in making the necessary changes. Numerous cases have come to light in which new patents which potentially threatened existing organizations and business have been rejected in favor of older methods which foster the need for repeat purchases. That very efficient cure for the dread condition known as "gaposis," the zipper fastener, was invented in the last century, but was shelved by the button manufacturers until quite recently.

Industry is not alone in rejecting technological inventions. Labor unions frequently resist any changes which they feel will be detrimental to their jobs. In the building industry, for example, unions have fought against prefabricated housing and have fostered slower, more expensive, "on-the-spot" building methods.

One reason for rejecting inventions, whether they be material or social, is their initial imperfection and a general unwillingness to put up with imperfections when some acceptable substitute is already available. Many innovations which the government has tried to introduce in recent years have been rejected because of their imperfect operation, their cost to the taxpayers, and so forth, despite the fact that continued operation frequently showed vast improvements and increased public service.

Very often political groups make capital of the resistances to change shown by industry and labor by projecting these situations into the political scene. Time and again politicians have acceded to the pressure of lobbies and other vested interest groups by passing legislation to retard innovation and maintain the status quo. Yet, the same individuals and groups may fight for changes in which they stand to gain in wealth and prestige. After World War II, as after the first war, the large nations which "came out on top" have been resisting changes which would alter their positions, while smaller nations have clamored for changes which might increase their power.

Not only do the ill-informed masses oppose change, but specialists and experts tend to resist change in their particular fields. Scientists, theologians, philosophers, and historians have again and again opposed concepts which would change their established bodies of knowledge, and have ignored, ridiculed, exiled, and even put to death original thinkers and innovation seekers.

Briefly, what are the major causes for resistances to social change? Fear, ignorance, self-interest, and habit are the most persistent barriers to change. Another factor in the resistance to social change is what has been called "mental homesickness." Our established habits are just as much a part of our personalities as is our physical body, and, being so, are worthy objects of our self-esteem. Habits, once established, tend to be performed automatically in the presence of the appropriate stimulating situation, and any effort to inhibit them frequently leads to the arousal of such severe tensions as to result in a definitely unpleasant feeling tone. Hence, we yearn to perform our old established patterns and vigorously resist having to learn new, substitute ones. This is especially true as individuals become older. Certain religious bodies are acutely aware that habits, once established, tend to be self-sustaining; therefore, religious instruction is often concentrated in the most formative years. People give up old habits only when their retention is more unpleasant than the learning of new ones. The woman from a simpler culture who does her washing with a washing machine for the first time may have to do it all over again by the old hand methods in order to gain peace of mind.

The conflict of new social forms with old social values engenders resistance to social change. As any system of social organization becomes more and more complex, the need for systematization becomes more insistent. Thus, when a business enterprise, for example, moves from the individual or partnership stage to the corporate stage, a planning board known as the board of directors is set up to organize the expanding activities efficiently. No one would think of referring to this as bureaucracy, and yet that is precisely what it is. The essence of it is a better division of labor and assignment of responsibility. This social invention, though thoroughly acceptable in the world of business organization, can be exploited by government only in the face of stubborn opposition and sharp criticism. The reason is that bureaucracy has become associated with collectivist states, and many people feel that there is no room in the hierarchy of values of a capitalist democracy for anything that savors of collectivism. It is better for the government to function inefficiently, such people believe, than for it to function efficiently with collectivist devices. However, when the corporation uses the same devices, somehow it isn't collectivism. Thus, when the New Deal organized new governmental departments to cope with new problems more efficiently, the cry of "bureaucracy" was heard from members of both major political parties, and most vociferous were those who would not dream of running the corporations with which they were connected without the aid of the device we call the "department" or "bureau."

Habits of thinking tend to persist. Attitudes toward concepts such as "liberty," "race," "success," "free enterprise," "democracy," "fascism," and "communism" are tenaciously held despite a changing social world and even in the face of evidence tending to upset preconceived ideas. Many of the habits which obstruct social change arise from a desire for security. Fear and hunger, factors underlying the need for security, are very often more potent forces than the desire for change and new experience.

Fear of the new does not apply equally to all aspects of a culture. In some instances, innovation is even welcomed. In the main, women look forward to new styles in dress, men to new styles in cars, and scientists to new discoveries.

Unequal Rates of Social Change. The rate and the extent of social change vary at different periods of history and also from one group to another. "Change" is a relative term. As compared to geological or biological change, social change is amazingly rapid. In some societies, change is slow and the culture may be very nearly static, while other societies—such as our own—undergo rapid and constant change, making for a shifting and dynamic culture. When an Oriental culture is said to change slowly, there is implied a comparison with the rapidly changing Western cultures of modern times. The tempo of change has been much more rapid in America than in Europe, and much more rapid in Europe than in Asia. Even in the twentieth century large areas of the Near East, countries which lie on the crossroads of empire, still use the agricultural techniques of the time of Jesus. The rate at which changes occur depends, in part, upon the rate of acceptance within the group. The same society, at one period of its history, may be considered static, and at another period may experience sudden and extreme changes.

Social change is slowest in isolated societies. Lack of contact with the outside world leaves no chance for cultural diffusion to take place; and inasmuch as the environment remains relatively constant for such societies, cultural growth by accretion is extremely slow. Such societies are known as "static" societies. Few genuinely static societies exist today, because Western man has penetrated even the most inaccessible regions of the world, taking his culture with him. Where they do exist they exhibit some very definite characteristics. There is an almost complete prescription of behavior. Social inheritance supplies the individual with patterns of adjustment for every conceivable situation, and since the environment is relatively constant, the possibility of new situations arising is remote.

In the static society, social stratification, or the division of people into distinct classes, if there be any, and the assignment of personality status are all but inflexible. The social controls are rigid and cover every area of behavior. Social direction is vested in the persons of the elders, who, consequently, enjoy great prestige and veneration. Innovations are taboo, because they are believed to threaten the group welfare by offending the ancestors or the gods. The techniques of adjustment have long since been worked out, and no further trial-and-error is allowed. The social end is the preservation of society as it is.

Security for the individual is at its highest value in the static society, for each has his role laid out for him. If one starves, all starve; if one eats, all eat. Little wonder that such societies remain unchanged for centuries, and, for reasons which we shall see presently, that they have no social problems in the sense in which we have them.

Dynamic societies are everything which static societies are not. Cultural diffusion and invention combine to introduce new cultural elements into the society, thus contributing to rapid and continuing social change. In the extreme case, there are few effective controls, little prescription of behavior, flexibility in social stratification, and a high estimate of youth. Security for the individual is apt to be at a low level. He may be rich today, poor tomorrow; married today, divorced tomorrow; employed today, unemployed tomorrow.

The important observation concerning dynamic societies, at least from the standpoint of social problems, is that they exhibit different rates of change as between the different phases of culture. One part of the culture may remain relatively static while another part changes rapidly. Egypt has a modern army, for example, but an ancient agricultural technology. In our own changing civilizations, technological changes advance far more rapidly than social inventions. Ogburn has pointed out that in modern societies scientific discovery effects changes first in the economic institutions; later come changes in institutions one step removed from these—family, church, and so on; and finally in social philosophies and codes.[2] In dynamic societies it not infrequently happens that in respect to one phase of culture, individuals will be as up-to-date as the morning's milk, and yet in another be trailing upon the heels of Neanderthal man.

SOCIAL CHANGE AND SOCIAL PROBLEMS

Culture Lag. "Culture lag" is a term used by William F. Ogburn to label the source of many of the world's great problems. Technically, the term refers to the disparity in the rates of change in the different phases of culture. The dynamic nature of material culture ranks near the top as an important cause of culture lag. Once change through invention is accepted in any society, then the process begins and increases at an accelerating rate as time goes on. Perhaps just one or two simple material inventions are accepted at first, but soon inventions will appear by the dozen, then by the hundreds, and finally, as in the case of inventions in our own country, by the thousands; for inventions beget inventions in ever-increasing numbers. "In 1851–1855, 6,000 patents were granted in the United States; in 1885–1890, 64,000; in 1901–1905, 143,000; and in 1926–1931, 219,000."[3] Not only is the number of inventions increasing, but their output efficiency is also increasing in this fashion. Simple machines have given way to complex ones, complex ones to semi-automatic ones, and semi-automatic machines to completely automatic ones. Corresponding to these shifts, workers have been displaced by the tens, then by the hundreds, the thousands, and finally by the hundreds of thousands, without any appreciable changes being made in the nonmaterial culture to take care of these new situations.

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[2] President's Research Committee on Social Trends, *Recent Social Trends in the United States*, 1 vol. ed., McGraw-Hill Book Co., Inc., New York, 1933, p. 13.

The dynamic nature of the material culture throws into sharp contrast another factor in the occurrence of culture lag. Invention in the nonmaterial culture is not so frequent as in the material culture, so that adaptation to the new conditions created by a rapidly advancing technology is slow and laborious. Technological advance has given us new problems of infinitely greater urgency than any faced heretofore. As Barnes points out, "Our failure to bridge the gulf between devastating war machinery and our institutional approach to the war problem may ultimately wipe out human civilization with atom bombs and bacterial warfare."[4]

Yet, significant new social inventions do exist and are being developed every day. New plans for the solution of problems relating to atomic energy control, international trade and economic adjustments, national economic stability, intellectual and educational matters, governmental participation in national and local affairs, and a host of other social situations have been advanced. But how we struggle to resist them! In the meantime we shall continue to live in the shadow of deadly future wars, faced with growing problems of industrial conflict, racial discrimination, political unrest, and economic disorganization.

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[3] *Ibid.*, p. 22.

[4] Harry Elmer Barnes, "The Cultural Lag," *Air Affairs*, December, 1947.

Another factor associated with the culture lag has a distinctly psychological basis. One's contacts with the material culture are more often an individual rather than a social matter, whereas one's contacts with the nonmaterial culture are almost invariably a group matter. Men will change their modes of working sooner than other modes of living. It is a common observation that the immigrant will readily adopt our occupational skills, but will just as readily reject our habits, institutions, and codes.

Nor can the scale of social values be neglected as a factor operative in the culture lag. The mores, the customs, and the institutions in which one participates usually come to have a connotation of "rightness" for him. Any deviation is usually considered wrong and immoral simply because these elements of the nonmaterial culture hold a cardinal position in the hierarchy of values. Not infrequently they are intimately tied into other elements of the nonmaterial culture, such as religion, and thereby come to have the sanction of the Deity. In the thinking of some religious bodies, marriage is made by God, and therefore neither its form nor its duration can be changed by man. The tenacity with which people hold on to outworn social forms is usually a reflection of the importance accorded those forms in the scale of values.

Cultural Lag and the Genesis of Social Problems. Social problems arise only in societies characterized by disparate rates of change in the various phases of their culture. We shall, therefore, discuss more specifically how social problems arise out of this disparity.

As has been pointed out, man adjusts to his basic needs through the medium of social institutions. As long as the institutions work reasonably well in meeting the basic needs of sex, food, shelter, and so on, no social problems arise. When changes in our material culture make the old institutions unworkable, or when they create new situations calling for the establishment of new institutions, social problems arise. They will persist until new institutions come into being, or until the old ones have been sufficiently modified to meet the new conditions.

While adjustments in the nonmaterial culture (institutions, habits, and beliefs) are being made on the basis of trial-and-error, man is not inactive; he cannot and does not wait until a perfect solution has been developed. On the contrary, he goes right on living and satisfying his basic needs in whatever ways he can. If such satisfaction lies outside of the prescribed institutional forms, he is usually deemed guilty of "sin," "immorality," or "crime," for these are the words used to describe extra-institutional behavior. If the type of behavior which he works out for himself comes to be accepted by the group, then his behavior is no longer sinful, immoral, or criminal, for a new social norm, in the light of which his behavior is judged as good or bad, is established. Thus, the vices of one generation become the virtues of the next.

A few illustrations will clarify this relation between social change and social problems. When an advancing material culture (technology) suddenly conferred upon us a new era in leisure time, there were few institutions existing for the direction of leisure-time activities. The educational institutions were wholly unprepared, for it is only recently that they have begun to direct their programs toward the constructive use of leisure time. In the meantime, however, the commercialized agencies of leisure and recreation expanded to fill the gap, thus meeting a genuine social need. Whether they met it in the "best" possible manner is beside the point for the moment. Commercialized recreations have existed for centuries, and they can be expected to assume once more a less prominent place in our hierarchy of values just as soon as our educational institutions prepare us for a more constructive use of leisure time. Only then will the problem of commercialized recreation be solved—if it is a problem.

The situation is more striking in the case of the family. Sex needs must be satisfied through the institutions of marriage, so our code decrees, and as long as it is possible for every one to get a job it is also possible to get married and settle down. But, when technological unemployment or prolonged education make work and marriage impossible, sex needs do not go ungratified.

They are met in other than institutional ways, and thus arise the problems of sex immorality and prostitution, perhaps to be solved by so modifying the institutionalized form of marriage as to permit people to marry when they wish, regardless of their employment or lack of it. Some such modification is already under way, for the number of young people who marry and still live with their respective parents and the number of young couples in which the wife continues to work after marriage appear to be increasing. In like fashion, if the needs for food, clothing, and shelter are not met by the prevailing economic institutions, the problems of poverty, disease, and crime arise.

The solution of social problems would seem to be a simple matter when we know the basic causes. For reasons already discussed, however, it is not so simple. In some societies attempts have been made to change the institutions by force, that is, to *make* people change their ways of doing things. Russia, Italy, and Germany have tried compulsion with varying success. We may be sure, however, that if people are to be left to make their institutional changes in their own good time, our problems will become worse, inasmuch as the tempo of change in our material culture is so rapid. The problem of finding a rapid, effective, and at the same time democratic means of adjusting the various phases of culture to each other, thereby reducing the culture lag, is still unsolved.

THE STUDY OF SOCIAL PROBLEMS

The concept of social problems implies the process of change. Without change, there could be no awareness of the existence of problems in a society. To admit the existence of social problems implies a situation that is undesirable and that is capable of change toward desired ends.

All societies are characterized by some degree of organization and some degree of disorganization. When disorganization and change become uppermost, there is disharmony, and social problems arise. Although the problems attendant to social change are usually emphasized, one need not regard change as wholly "bad" or "good." From change have come many improvements to make life more comfortable and more enlightened for man. But each change has required further adjustments from society, and a great number of social problems has resulted. The failure of modern society to meet many of these problems is evidenced in chaotic international relations, widespread poverty and economic insecurity, personal maladjustment, juvenile delinquency and crime, family disorganization, unemployment, child labor, inadequate housing, political maladjustments, and a host of other problems. Social problems are so much a part of our modern civilization that they are usually taken for granted. It is generally only when they reach crisis proportions that any concerted action is taken toward their solution.

What is a Social Problem? In a sense, social problems are always individual problems, since they involve the maladjustments of individuals. But they are social, too, because of the fact that they involve such large numbers of individuals as to be considered a threat to the welfare and survival of the group either in a primary or secondary sense; in a primary sense, when the adjustment of the group is immediately at stake; in a secondary sense, when the welfare of the group is threatened by a reversal of its values or by a failure to realize the accepted values.

If social problems are always problems of individuals, it does not follow that problems of individuals are necessarily social problems. The rare blood disease, haemophilia, is an individual problem; but inasmuch as it affects only an insignificant fraction of the population it is not regarded as a social problem. In order to react consciously to a social condition on a collective basis a group must have some standard by which to judge that the situation is a problem; otherwise the condition remains merely a condition. In simple, more stable societies, where changes occur but rarely and slowly, there is little awareness of social problems. Although such groups are frequently regarded as primitive and backward, the elements within their cultures usually "hang together" to form a harmonious whole. The acute social problems which confront Western society today are largely the result of rapid changes which have been, and are, taking place and the consequent increase of associated problems of adjustment. As we have said, change alone does not cause social problems; rather it is the uneven rates of change between different aspects of our culture and within different phases of each aspect. Fifty years ago venereal disease was not a problem in the United States, although there may have been as much of it then as now. The group standards simply forbade any recognition of it. Furthermore, there was no effective form of treatment available. With a change in the group values, and with new techniques of treatment, however, it became respectable to think intelligently about venereal disease, and so it has emerged as a problem. It is the conscious application, then, of group judgments or social norms to social conditions which define for us our social problems. What is not recognized as a problem does not, in effect, exist as a problem.

The group norms or judgments are never constant. In our society, what constitutes cruelty and barbarism has undergone many changes. Decapitation was at one time abolished in Germany as a barbarous method of capital punishment. It was reinstituted under the Nazi regime. A rise in the norms or standards is sufficient to bring a social condition into focus as a social problem, just as a lowering of the norms "erases" social problems. Child labor was not considered to be a serious problem a hundred years ago. As educational requirements increased and standards of working conditions improved, the employment of school-age children came to be regarded as a serious social problem.

This relativity of social problems to the prevailing culture norms needs further elaboration. Conditions which are interpreted as constituting problems in our culture may not be so interpreted in other cultures. Malnutrition is a serious problem for certain groups of Americans in the southern states, but not even mass near-starvation is considered a problem among the peoples of certain regions of China. Such a condition is expected by these people, and the idea that anything can or should be done about it hasn't occurred to them. They are not aware that there are other people who have faced similar conditions and conquered them.

Social problems are relative to time as well as to place and culture. What is a problem in a given society in one epoch may not be so in another. Nonattendance at church was a serious enough problem among the Puritans as to have harsh penalties attached to it. The Puritans felt that if such "loose" behavior were permitted to persist without social disapproval the entire social order would be doomed to perdition.

Social problems are also relative to the state of our knowledge. In the Middle Ages, when the Black Death swept away a third of the population, the luckless peasants crowded the churches and cathedrals for hours on end seeking Divine favor, thereby spreading the disease to even more people. The state of their knowledge precluded any insight into the problem of contagion and infection.

The situations which serve as the seeds of social problems are said to be products of group life, but they are not necessarily so. Cancer is a social problem; but, so far as is known, cancer is not a product of group life, although it is true that its recognition as a social problem does depend upon group judgment. And this suggests that the recognition of a condition as a social problem carries with it the implication that the group must be conscious, too, of its responsibility for the solution of the problem. This is the reason for the voluminous discussion which always precedes and accompanies an attack upon a problem.

Social problems tend to develop and ramify until they touch every phase of the social order and almost every class of the population, and they keep getting worse until social action is directed toward them.

It would seem that the first step in the solution of social problems would be to isolate their causes and to proceed from that point. But it is impossible to reduce social problems to any single cause. Every problem arises from innumerable social factors, no one of which is alone responsible.

Social problems never exist in isolation. They are interlocking aspects of every dynamic society. Social problems can never be understood in terms of themselves alone but only in their relationship with other social conditions and problems. The surface manifestations of a problem are usually far removed from their primary causal factors. For example, crime as a social problem is related to such factors as poverty, housing, leisure time, family disorganization, physical and mental health, moral codes, our competitive system, and education. Alleviation of any one of these factors has repercussions in every one of the others. Isolating any single factor can at best give only a partial, and sometimes distorted, explanation of the problems.

Types of Social Problems. Social problems are legion, and their classification is itself a minor problem with which we shall not be concerned here. It is important, though, to consider some of the major areas in which problems appear and to enumerate a few of the typical problems in each. It should be remembered that in reality no social problem is isolated from others.

Many problems are related to the broader *institutional processes.* The administration of justice presents a problem because of the necessity for swifter justice. Our juridicial machinery was fashioned by men who had suffered under the heavy hand of British officialdom. In their zeal to protect the common man from the arbitrary powers of a monarchic state, the early colonists granted every advantage to the accused and placed every conceivable obstacle in the way of the State. This system, though well-intentioned and reasonably efficient in a simple society, has resulted in the frustration of justice in a highly complex society. Problems of government generally have become more pressing with increasing social differentiation.

Another series of problems is intimately related to our *familial institution.* Marital discord, which often eventuates in desertion, separation, or divorce, is of considerable concern at the present time. Out of it develop problems involving the care of abandoned children, infant health, and child welfare. There are problems of childlessness, care of the aged, the economic support of the family, and a variety of others.

Some of our social problems have roots in the *physical environment.* The recurrent floods of the Ohio-Mississippi and the dust storms of the Great Plains have called forth a national program for soil conservation and flood control. The problems of soil erosion in southern Illinois alone is considered so serious a problem to the nation that the Federal government has projected a program for its alleviation to extend over forty years at a cost of millions of dollars. The severe droughts and dust storms of recent years have necessitated the resettlement of thousands of families and the readjustment of those that remain. The exhaustion of mineral deposits, coal, and oil in certain areas gives rise to the problems of stranded populations and their rehabilitation.

The *breakdown of traditional social controls* over the behavior of the individual is frequently attended by the rise of social problems. Crime, drunkenness, juvenile delinquency, and prostitution belong here.

Perhaps the most serious domestic problems derive from the *malfunctioning of the economic system.* New patterns of economic activity have brought unrest and dissatisfaction to both labor and capital. Strikes of labor and strikes of management are widespread. The cost of living since World War II has spiraled to heights unparalleled in America. The owners and managers of capital goods actively oppose government regulation. On both sides there is confusion and uncertainty. Out of this economic disorganization develop further problems of unemployment, poverty, insecurity, poor health, low standards of living, inadequate housing, and many others.

Another category includes problems related to *personality and psychological maladjustment* of individuals. These individuals include feeble-minded persons, neurotics, psychotics, alcoholics, homeless men such as bums, tramps, and hoboes, juvenile delinquents, drug addicts, and criminals. Problems of the physically handicapped, the blind, deaf, crippled, and ill, are also included in this group.

Another group of problems is related to both quality and quantity of *population.* Included in this category are such special problems as eugenics, euthenics, declining birth rate, unequal sex ratio, unbalanced distribution of age groups, density of population, and racial conflict.

Under the classification of *attitudinal problems* are the misuse of such devices and agencies as the press (newspapers, magazines, and books), radio, film, political groups, lobbies, association, and the like to shape and mold opinions and attitudes against the public welfare. Propaganda is used to influence public opinion in developing unwholesome attitudes toward race, sex, minority groups, and economic and political groups at home and abroad.

The greatest and most urgent problems of our age are those of *international relations and war.* The world has hardly begun to cope with the disorganizing effects of World War II upon the entire social system. Aside from the irreparable loss of life and the tremendous economic cost of war, the demands of wartime resulted in a sharpening of the conflicts between the various groups within nations, in speeding up the process of institutional breakdown, and in disillusionment and demoralization of the people everywhere. Strikes, boycotts, crime waves, and race rioting are common occurrences. In the defeated nations, hunger and despair increase the inevitable tensions of wartime strain. Violence and open revolution are sweeping the East and are not leaving the West untouched. The power of atomic energy—with its vast potentialities for both good and evil—seems to inspire in some men an unreasoning fear of their fellow men.

The threat of atomic warfare and of new forms of chemical and bacteriological warfare may well carry in itself the very end of civilization as we know it. If we are to prevent future wars, men will have to put aside their intensified nationalistic sentiments and ideologies and develop some sort of international political unity.

Other areas of maladjustment could be noted, but the foregoing is enough to indicate the wide scope and varied nature of social problems in modern society. At the same time, it is evident that each problem extends into different "problem areas." This frequently gives rise to additional conflicts which, though seemingly far removed from the original problems, are closely related. Racial conflict, for example, may be a population problem because of attitudes of dislike or hatred toward a particular minority group, because of the insecure economic status of the community, the low standard of living of individual members of the minority groups, and the psychological maladjustments of individuals. Each problem stems from, and in turn stimulates, others.

Determining the Significance of Social Problems.[5] Obviously, not all social problems are of equal importance. Some are mild in their effects; many are serious. In the body politic there is wide disagreement as to which of the long list of social problems is the most pressing. The decision as to which of our problems are the more serious is of great practical importance, because it will determine where the heaviest attack will have to be made by the forces of social melioration. Unless some criteria be set up, we shall lose much time and energy deciding just where to begin in our attack upon social problems.

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[5] Adapted from Louis Wirth, ed., *Contemporary Social Problems,* University of Chicago Press, 1940, pp. 5–6.

Inasmuch as any set of criteria or standards will have relevance to a particular culture, it is well that we list those social values upon which there is more or less general agreement in our culture, and which are most likely to be challenged by the appearance of specific problems. The social system under which Americans live is known as "democratic liberalism." The social values or norms of this system include consideration for the following: (1) The material well-being of the population, as measured in terms of goods and services; (2) the psychic and emotional health of the group, which involves such elements as freedom from anxiety; (3) freedom of economic and social opportunity including the right of the individual to make his own vocational choice; (4) the right and opportunity of the individual to participate in social decision through representatives of his own choosing; (5) a functional freedom of speech, press, worship and association; (6) the right to defense before the law; (7) the priority of law and order over individual whim and caprice.

Accepting this list as the pivotal points in our heirarchy of values, what criteria might we posit for the determination of the significance of social problems?

The following would seem sufficient and adequate: (1) The extent of the deviation of the problem condition from the accepted values. In what sense and to what extent, for example, is freedom of speech limited? (2) The number of values from which the condition is a deviation. Poverty, for instance, limits participation in a greater number of the values listed above than does cancer or prostitution. (3) The location in the value hierarchy of the value from which there is a deviation. Does material well-being rank above freedom of speech? If it does, then the social condition which limits the right to work is more serious than that which involves political oppression. (4) The number of persons affected by the condition constituting the problem. Malnutrition, on this basis, is a more serious problem than infantile paralysis, inasmuch as a greater number of people are affected by it. (5) The duration of the condition. Mass drunkenness, for example, has been recognized as a serious condition for several generations, whereas drug addiction in its problem aspects scarcely antedates World War I. (6) The spatial extent of the problem. A problem which is peculiar to a special area is hardly likely to be as serious as one which is nationwide; for instance, hookworm in the southern states as against venereal disease throughout the country. (7) The degree to which the problem aggravates other problems with which it is interrelated. Unemployment aggravates the problems of crime, prostitution, malnutrition, and many others to far greater extent than does insanity. (8) The relative ease or difficulty with which the problem can be solved, considering available resources of knowledge, money, and personnel. (9) The degree to which the general population is conscious of the problem. If the populace is not insistent in asking for a change, then the problem is not highly significant.

The use of criteria such as those suggested in the preceding paragraph serve to give direction and incisiveness to any attack upon social problems. In the light of them, such trivia as cleanup crusades and crusades against salacious literature might come to be considered a relative waste of time, energy, and money.

Approaches to the Study of Social Problems. Inasmuch as social problems touch every member of the group more or less directly, it is to be expected that almost everybody will have some theory of the origin and nature of these phenomena. Divergence of opinion here is wide, but the theories concerning the genesis of social problems generally fell into two main classes: nonscientific and scientific.

The oldest approach to the understanding of social problems is the *theological.* According to this approach, social problems have their sources in factors beyond the direct control of man himself, and are therefore incapable of real solution. Problem situations are either said to exist to glorify the Deity or are viewed as an expression of the "demoniac" nature of man. The general argument follows a standard pattern, and, in a simplified form, it may be presented thus: Social problems are a reflection of the inherent moral depravity of man, and will therefore always exist. How can it be told that man is depraved? Well, just look at his social behavior, particularly criminal behavior. But, why is man's behavior criminal and antisocial? Because of his inherent moral depravity, of course. The argument is never presented quite so simply; volumes of weighty material are written saying the same thing—with slight variations. But the student has already perceived the circularity in the reasoning. The explanations are in terms of the phenomena to be explained, and for that reason represent cases of begging the question.

A second nonscientific, metaphysical approach is that of *biological determinism*. There is very little difference between this approach and the theological, but since it is cast in a scientific instead of a theological terminology, it has gained wide acceptance among educated folk. Something called "biological inheritance" now takes the place of moral depravity, and the genes and chromosomes are used to the point of fatigue in explaining everything from poverty to love at first sight. What is the cause of poverty? The inheritance of inferior biological qualities. How can it be told that one has inherited an inferior biological equipment? By the very fact of his poverty! It is not our purpose here to cast any aspersion upon biological science, but merely to point out that when unproved biological assumptions are converted into explanatory principles, science is bound to suffer.

Metaphysical approaches to social problems carry tremendous appeal. They are simple and easy to understand. All problems are explained in terms of factors which are assumed to exist to begin with; and if these fail, all that is necessary is to assume others. Hence, the advocates of such approaches seem to "know all the answers"; their assumptions represent a systematized delusion. As might be expected, the solutions which emerge from metaphysical approaches to social problems never get beyond the purely verbal stage. According to such approaches, social problems would disappear, for example, if men would only be "good," or if they were to breed for the right kind of genes.

Particularistic approaches to the study of social problems are such by virtue of the fact that they trace all social problems to the operation of some one particular factor or set of related factors. They differ from the metaphysical approaches in that the factors believed responsible for the genesis of social problems are for the most part amenable to testing for their scientific validity, and indeed many of them do enjoy at least a partial validity. They are factors about which it is possible to get data over against the metaphysical factors concerning which we can get no information.

One particularistic approach traces all personal and social maladjustments to glandular imbalances. Crime, prostitution, laziness (and hence poverty) are nothing more than evidences of imperfect glandular functioning, which is to be treated by the clinician. The kernel of truth in this approach is the very real part played by glands in all normal behavior and in some abnormal behavior. The man who steals a loaf of bread to feed his hungry children could hardly be classed as a case of glandular imbalance, although his glands were operative in reinforcing the motive for stealing the bread.

Others ascribe all social problems to weaknesses in the economic system. Karl Marx and his followers have long contended that social problems have their roots in an iniquitous capitalism. Advocates of this theory (economism) are usually unwilling to speak of "social problems" but of "The Social Problem," which is that of the maldistribution of income. Solve this, and all other problems disappear. While there is much to be said for the importance of economic factor in such social problems as unemployment, poverty, crime, and prostitution, nevertheless other factors must not be overlooked.

The foregoing approaches to the study of social problems, though classed as nonscientific, do represent "informed" approaches in that they are espoused by people of education and training, at least in limited fields. The approach of the uninformed is that of "common sense." To the man on the street things are what they seem.

The pitfalls of common sense have been recognized at least since the beginnings of modern science. In Chapter I, a detailed discussion of the limited value of common sense was presented. Common sense is sometimes right; more often it is haphazard, uncritical, wishful, prejudiced, and lacking in the painstaking thinking and research necessary to balanced judgments on complex phenomena. Consider some typical judgments of common sense. A man who is good to his dog must be a "good" man. The man who is good to me is a "good" man. Things are what they seem, because the evidence of one's own senses is beyond reproach. To the man of common sense, men are swayed by something called "human nature," which one day is evil, another day good, and withal unalterable. According to common sense, men react similarly in similar situations. People living in the same geographic area have the same environment. Brothers and sisters have the same environment. All of these judgments of common sense are false.

One must be skeptical of any so-called laws or principles of social change. There is no simple formula which can explain the complex process. What is certain is the limiting influence of environment and the interaction and interdependence of all factors which make for social change. Definite and detailed rules and predictions must wait for a more fully developed social science.

TERMS TO BE UNDERSTOOD

evolution
progress
social change
institution
material culture
non-material culture
vested interests
differential rates of change
ideologies
folkways
mores
cultural diffusion
biological determinism
economism
social inheritance
culture lag
social norms
hierarchy of values
personal equation
particularistic fallacy
culture

QUESTIONS FOR DISCUSSION

1. Distinguish between evolution, progress, and social change.
2. What are some of the factors which account for sudden and rapid change in otherwise static societies?
3. What are the four major factors in social change? Which of them was most important during the period of the American Revolution? During the depression of 1930–1939? In the years following World War II?
4. "To be effective in social change, ideas need not be true; they need only be believed." Give illustrations of this statement.

5. Do you think that social stability could be re-established if we declared a twenty-year moratorium on invention?
6. "Institutions do not exist outside of the skins of people." Explain. What is the basic function of institutions? Why do they change so slowly?
7. Give some examples of change in material culture in America. Why does the nonmaterial culture often tend to remain static in the face of change in the material culture?
8. "The vices of one generation become the virtues of the next." Explain and give illustrations.
9. Distinguish between individual problems and social problems. What is it that makes a condition a social problem?
10. Identify the characteristics of social problems. What is the relation of social norms to social problems? Make a list of the most important social problems in America today. Why do you consider these most important?
11. Mention some particularistic approaches to the explanation of the causes of social problems in addition to those mentioned in the text.
12. Why is the common-sense approach so popular with the layman? What are the shortcomings of common sense?

FOR FURTHER STUDY

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Chapter Three

MAN AND NATURE[1]

MAN AND HIS PHYSICAL WORLD

The Meaning of Nature. When we speak of nature, we mean first of all the physical characteristics of man's environment. These cover the spatial setting of human life. By nature we also mean the biological attributes of living things which refer to the temporal (time) aspects of human life. Accordingly, in the study of social science, we can regard man in two ways: first, as implanted in space, molded by the forces around him; second, as moving through time, changing as he moves along.

Studied against time and space, man can be seen as an evolving and adapting organism. This organism is part of an environment, wherever found. Taking the environment as the total universe, man can be related to it through the established facts of cosmic evolution. Limiting the environment to living forms, man can be considered part of what is known of the facts of organic evolution, or the evolution of life. Limiting the organic world to the social life of living forms, man becomes the most vital part of social evolution. If we narrow evolution to mental life, then surely man and he alone is the end product, thus far, of the story that lurks behind creative evolution.

Man stands alone in nature not only because he is the end product of a chain of evolutionary changes, but because—in a very real sense—he alone among living things is co-maker of the process of evolution. It is the aim of this chapter to trace the origin of man, geographically and historically, to see how man's physical frame and his mental life grew out of nature, and how, while modified by nature, man has succeeded in modifying not only nature but his own nature; and thus has developed what is commonly known as *human nature.*

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[1] Acknowledgment is made to Professor E. W. Voelker, who supplied certain of the later sections of this chapter in an earlier draft. Final responsibility for point of view, content, and arrangement is assumed by the author.

The Meaning of Environment. The environment of man consists of the sum total of the influences exerted upon the human organism. In other words, it includes all the influences or stimuli to which a living organism responds. These influences may be either external or internal. The external influences include, in the case of man, both the physiographic (physiochemical) forces and the sociocultural (psychosocial) forces which arise from the interaction of individuals in groups. The internal influences include the psychophysiological (original, and learned impulses) which—though patterned by the sociocultural environment—ultimately become forces in their own right. We turn first to the analysis of our physiographic environment, which consists of land factors, water surfaces, climate, vegetation, animal resources, and mineral resources.

Man's Physical Environment. Climate, soil, topography, and natural resources have played a considerable role in determining the life of human beings on the surface of the earth. Temperature and rainfall are essential elements of climate. On the basis of temperature, the earth is divided into three zones—the arctic, the temperate, and the tropical. Arctic regions are sparsely populated by scattered primitive tribes. The short summers and long winters are not conducive to agriculture, and hence other modes of existence become necessary. The densest human settlements are found in the temperate zones and tropics. In the tropics, where warm and moist conditions prevail, a large population may be able to sustain itself by the cultivation of certain products—such as rice and sugar —available in the environment and capable of cultivation there. In the temperate zones, we find relatively fewer but larger settlements. The bulk of the world's population is in these zones, and they sustain themselves chiefly through grain and meat products. The techniques required for the development of these products have reached their highest point in the temperate zones.

An amount of rainfall varying from ten to sixty inches per year is considered necessary for the production of wheat, corn, and other crops in the temperate zone. By contrast, the average annual rainfall in Java and India is 100 inches, and in tropical seacoast Brazil it is 133 inches. Areas where the annual rainfall is less than ten inches are found in central Australia, parts of Tibet and Mongolia, in the Sahara, and in Nevada and Arizona. Grasslands are found in the northern plains of North America and Asia, where the rainfall is slight and the temperature is low. Food production is difficult in mountainous regions, although Switzerland is a good example of how it can become possible. The denuded heights of China are unproductive, however, and 75 per cent of Japan shows the effect of mountain areas on the strivings of men to win food from nature. In Europe and America, the majority of the large cities are at an altitude of less than 5,000 feet, though in subtropical areas a cooler climate favored by a higher altitude also favors population needs. This is true of Mexico and northern South America, where large cities are found at an altitude of 6,000 feet or more. Clearly, then, both the size of population aggregations and the kinds of food people manage to get for their sustenance depend basically on the physiographic environment and its characteristics.

Physical Environment and Man's Culture. Somewhat over a hundred years ago there were less than a billion people in the world. Now there are over two billion people. Of these, Asia has the largest number, over one billion. Europe until the last war, counted somewhere in the neighborhood of a half a billion. Africa is populated by about 150,000,000 people. South America contains about 170,000,000 people. North America, including the United States, Canada and Mexico, accommodates a population of about 180,000,000. Australasia (Australia and surrounding islands) supports a population of over 25,000,000 people. How these people came to be where they are, what they do to support themselves where they live, and why they are what they are is to a large extent explainable by the effect of the physical environment on human life. In terms of this effect we can partially analyze the stages through which civilization itself has passed.

Earliest specimens of humankind, being without tools, had to depend on nature's offerings directly. They climbed trees for nuts and fruits and even liquids (cocoanut), sought bird eggs on cliffs and trees, and waged war on animals first in self-protection and later for food. During the first few hundreds of thousands of years of his existence, man ate (and in some regions still eats) everything edible in order to appease his hunger pangs. In due course, however, as he moved to more favorable climes, he became more discriminating. Then hunting and fishing replaced the "direct approach." To this day, of course, there are vast areas in Africa and Australasia, in Greenland and Alaska, where hunting and fishing are the major, if not the only, means of providing sustenance.

The grazing economies, which followed the hunting and fishing economies in the course of civilization, persisted on the American continent until the coming of the European settler, but they are still common in Mongolia and central China, where by necessity nomadism is the standard mode of life. The agricultural type of economy, associated with the rise of what is known as the Metal Age, laid the foundation of the ancient civilizations of China, India, Egypt, Babylonia, and Persia. These civilizations were nourished in the fertile valleys of the Yellow River, the Ganges, the Nile, the Tigris, and the Euphrates, without which agriculture would have been impossible. For it was agriculture that provided the basis for the large and flourishing populations which built these civilizations. At a later date in history, European nations and cultures were sustained by the rich agricultural regions of the Rhine, the Rhone, the Elbe, and the Danube rivers. Still later, the land drained by the Mississippi, the Missouri, and the Ohio rivers came to comprise the great wheat and corn belts of the United States. What was true of rivers was true of inland seas and oceans. In the period of antiquity, and in medieval times, civilizations were formed along the shores of the Mediterranean and Baltic seas. At the dawn of modern history, great nations emerged along the Atlantic Ocean and, in time, the settlement of the Americas extended the course of civilization to the Pacific Ocean.

The rise and development of the industrial age were likewise facilitated by the physical environment, without which iron, coal, and oil would have been unavailable to man. It is no accident that the industrial age began in Europe and extended to America, for 80 per cent of the coal deposits of the world are found in western Europe and in the United States. Furthermore, the iron ore deposits and the coal deposits have been rather close together in Europe and America. The significance of this is seen in the fact that South America, which is not highly industrialized, has vast deposits of iron ore, but little coal.

In recent years, oil has become increasingly important as a source of mechanical energy. Oil, which may be said to have won World War II and which may yet cause World War III, is found largely in the United States, in southeastern Europe, in the Asiatic Middle East, and in the Dutch East Indies. Other metals and minerals essential to an industrial economy are tin, nickel, copper, gold, silver, cobalt, manganese, chromium, potash, the nitrates, and, most recently, uranium, the source of atomic energy. All of these are found in, or are available to, the leading nations of the world, for without them industrial civilizations are impossible. In this sense, the physical environment is a major factor in the development of human nature.

Effect of Culture on Physical Environment. Up to this point we see the influence of the physical environment clearly. But actually civilization cannot be explained in terms of physiographic factors. Man's painful climb to higher stages of civilization has been dependent upon social and mental evolution, rather than upon the effect of the physical environment. That is because the development of culture has gradually shifted from where the physical environment all but conquered man, to the point where, as in the present industrial stage of development, man is more the conqueror of physical nature than a pawn in its hands. In his search for minerals and metals, in his driving need for power sources, man could not but turn to the physical environment. But the Machine Age as such is a matter of techniques, and not merely of materials or power sources. Iron and coal antedated the coming of machine production by thousands of years. But not until certain techniques took root in Western culture did Europe and America develop their capitalistic-democratic type of economy, and rose to the Age of Power.

To understand this development, and to see it in its proper perspective, we must turn to the development of human culture as an artifact of social evolution, and not as primarily a product of man's physical environment. Not that the two were unrelated from the start. The distribution of mankind itself was accompanied by the development of culture patterns founded on the bases of sustenance to which human groups were drawn in the course of their wanderings. But it was these patterns, not the types of materials, that have been responsible for the various stages in the development of human culture.

How man lived before the development of culture, 800,000 to 1,000,000 years ago, is a matter of conjecture. We pick up the thin strands of human culture at about 100,000 to 200,000 years ago. This period is known as the Old Stone, or Paleolithic, Age. Crudely fashioned stone implements were used in this stage, and these were associated more with the biological type of man than with the provisions of a beneficent environment, for stone there always was. The type of man with whom this age is associated is known as Neanderthal man, because his remains were found in the Neander region of Europe.

The beginning of language, the wearing of clothes, and the first use of fire were also part of the Paleolithic period. Hunting and fishing techniques developed in this age. Revolutionary as these were, and fundamental though they proved to the entire future of mankind, none of them could be said to have derived mainly from the physical environment. Psychobiological growth of man was, to repeat, the key to this development of human culture.

Pottery, whose significance in the growth of human culture was as tremendous as was the home itself, is traceable to the next period, known as the New Stone, or Neolithic, Age. This period goes back 10,000 to 12,000 years. Other manual skills, such as weaving, tanning, and spinning, began here also. Most important perhaps among the advances in this age was the invention of the bow and arrow, the ground axe, and durable structures. Only the dog had been domesticated in the Old Stone Age. The New Stone Age marks the domestication of animals of all kinds and of plants.

The Metal Ages followed the Stone Ages. These began approximately 6,000 to 8,000 years ago. First, the utilization of copper, then the use of bronze, and finally the use of iron and other metals, have brought man to the point of his highest advancement. Here, more than in any previous era, man's indebtedness to and dependence upon physical nature become obvious. But even here, it must be observed, it was not physical nature that caused progress. The metals, whose use has brought man such comfort and such glory, such progress and also such downright misery and even death, did not set the pace of social evolution. It was man's ingenuity that did this, for not until man had reached a certain point in his development did metals, long buried in the bowels of the earth, assume the significance which they came to have.

Priority of Human Culture. To understand the statement just made is to see wherein man differs from all other living things below him in the organic world. Animals live largely in a physical setting. Man also lives in such a setting, but not primarily, as do animals. In the course of his evolution, man has created his own world, a world of men, sometimes called the social world. Animals have social contacts, but they do not have a social world; hence, they do not create a culture. Man has come to live in groups, and has always been subject to cultural pressures. As explained in previous chapters, these pressures take the form of folkways, mores, institutions, and laws. These pressures are important parts of culture. Culture bears the stamp of group experience, and represents man's adjustment to physical nature, to other men, and to himself.

Because the cultural, and not the physical, environment is basic to human life, man reacts to nature not directly but through the medium of his culture. Natural objects thus become cultural objects, and the response of man is to these objects as defined by his culture. Thus the sun, the moon, the stars, mountains, oceans, and animals all become cultural objects when the group takes a certain attitude toward them. Grazing may be prohibited on the slopes of a mountain regarded as sacred because it is the home of a god. A certain animal may become sacred or forbidden (taboo) as food because the group believes that animal to be the ancestor of the group, and to be inhabited by a sacred spirit. Cultural forces can create and can also block the use of the physical world that surrounds us. The ancient Chinese did not use coal or iron, although they knew of their existence, because they feared that mining would violate the sanctity of the earth and displease their ancestors. The Indians of America knew of the existence of coal and iron, but made no use of either. Later Americans, however, have made ample use of both, and built a civilization unlike that ever before known to man.

History is rich in examples showing how some groups ignore materials in their physical environment which other groups use to advantage at virtually the same period. The Eskimos build snow huts, while the Chukchee of Siberia, in a similar climate, live in large tents of hide stretched over heavy supports. Again, the Eskimos use dogs to draw their sleds, while the Chukchee use domesticated reindeer for this purpose. The Northwest Coast Indians have made an art of woodwork, but the tribes residing in northern California, who are equally close to woodlands, have failed to develop this art. Similarly, the Hopi Indians, living close to the Navajos in southwestern United States developed an agricultural economy, while the Navajos became a pastoral people. The Hopi built sandstone houses, while the Navajos had only earthen huts. The Hopi developed ceramic art to a high point, but the Navajos knew how to make only crude patterns. Finally, the Hopi lived a peaceful life, while the Navajos were warlike. It is of interest to note that these groups not only lived in close proximity but were biologically of identical stock. Their histories, however, were distinctly different.

There are other reasons for assuming that physical nature by itself cannot explain a people's culture. Often cultural traits persist from inertia in a geographic environment which no longer justifies them. A Siberian tribe continued for generations to use clay lamps which they had brought with them from a former habitat, although soapstone was abundant in their new environment. Sometimes indeed an aspect of physical nature may be welcome to one group and totally unwelcome to another. The locusts which attacked their crops were regarded as a plague by the Mormons of Utah, but the Digger Indians living on the edge of the Great American Desert looked upon locusts as a delicacy and ate them with relish.

The physical environment may remain the same, and yet the cultural characteristics (culture traits) of a group may change. Pottery was once extensively distributed in the New Hebrides, but now it is restricted to a few isolated localities on a single island of that group. Similarly, in New Guinea, ancient pottery was found that greatly surpasses the present-day pattern of craftsmanship. In the Torres islands of Melanesia, the natives practiced the art of canoe-making at one time, but now use only bamboo rafts. History, not geography, can explain facts of this type.

Identical culture traits can exist in entirely dissimilar environments. The polyandrous type of family still exists in Tibet, but was at one time existent in other parts of Asia, where widely different geographic conditions prevail. The monogamous type of family is found, on the other hand, in all kinds of physical environment the world over. So, too, the institution of slavery was prevalent simultaneously in scattered areas of Africa, Asia, and the Americas. Thus, the deeper we look into the life of man, in different and in similar areas, in previous eras or in our generation, the more justified we find the belief that the physical world has changed man and his culture much less than man and his culture have changed their physical environment; that the physical world provides the materials which man may ignore, discard, or use according to his needs as defined by his culture; that the needs of man and the growth of man's intelligence go together, and that these determine when and where and how the physical world shall be used in the service of man.

MAN AND HIS MENTAL WORLD

The Origins of Man. By now it is clear that factors other than those of the physiochemical universe are responsible for the remarkable development of man. These factors, as intimated earlier, are found in the biological structure and the psychological activity of man. It is to these that the sections that follow are devoted.

Where man originated, that is where man's physical form first emerged, is still a moot question. There are various theories, however, some of which we might present here. The so-called "direct derivation" theory holds that the major strains of humankind have come directly from the four types of ape: the gorillas, the chimpanzees, the orangs, and the gibbons. This theory is pretty thoroughly discredited, since the white or Caucasoid peoples cannot be traced to any of these types either anatomically or geographically. Another theory holds that, more than a half million years ago, man lived in Java and China, and that somewhere in these areas man originally made his appearance. One of the most orthodox theories holds that man evolved somewhere in the tropics of Southern China, and that one offshoot of the original stock migrated from the Gobi desert southward to Malaysia, and thence westward into Europe. Another offshoot migrated through the Bering sea into North America, where it followed an independent development until the coming of the Caucasoid European types. Still another branch later moved from Asia into the islands of the South Seas, and from there to Australia and Polynesia.

Perhaps the most ingenious of the theories proposed—and they are all hypothetical—is that which insists that mankind began on a primeval continent southeast of Africa, which is no longer in existence but which is represented today by the vast expanse of the Indo-Australian region now largely flooded by the Indian ocean. From this base, presumably, one detachment came west to Africa; another passed northeast to India and Malaysia; and a third moved due east to South Australia, Tasmania, and New Zealand. A variant of this theory claims that mankind originated in Africa, and that Caucasians came up from a North African crucible where white man and Negro became differentiated by selection, and then parted ways, one branch—the Negroid—proceeding southward into Africa, and the other—the Caucasoid—moving into Europe. In this plan of development, North Africa, not Central China, is made the seat of human dispersion.

Many diverse elements are involved in these theories, and the origins of mankind appear different and complicated in all of them. The sources of information gathered by anthropologists appear to be the same for all. The sources lie in evidences of migration, in physical characteristics pieced together, in differing and similar skin colors, in various artifacts found to be interrelated, in customs and institutions, in folklore, and in language forms. Perhaps exact knowledge will always be a matter of inference. But some principles do seem to emerge from this mass of theory and fact. First, no matter where man originated, he has always been restlessly on the move. Second, migration has contributed to deviations, in a physical sense, but has not in itself caused them. Third, special characteristics were a product of settlement and temporary isolation. Fourth, environmental factors, in the last analysis, have tended to select and influence the development of human types in certain areas. Fifth, having interchanged blood throughout the ages, human beings have considerably diluted their special characteristics. Sixth, all human types bear an unmistakable resemblance to each other not only because of intermixture through the ages, but especially because they share the common traits of their subhuman ancestors.

The Subhuman Ancestors of Man. It is conceded to-day that man belongs to the primate order of mammals, which includes—in addition to man—the lemurs, the monkeys, and the apes. It is believed that all four branches of primate life had a common ancestor, and that they began separating and segregating (see previous sections of this chapter) 30,000,000 years ago. In spite of the similarity between man and ape, the latter could not be said to have preceded man in a direct ancestral line. A parallel biological development accounts for both man and the other primates.

The anthropoid apes and man have a number of similarities in brain structure, blood chemistry, body posture, structure of the extremities, the teeth, the muscles, and the sexual functions. There are obviously, however, many differences, chief of which are general size of the brain and the cerebral cortex. The average brain capacity of the great apes measures 400 to 500 cubic centimeters, while the human brain varies from 1,000 cubic centimeters, among pygmies, to 1,800 cubic centimeters among other peoples. The cerebral cortex of the average human being possesses ten times as many nerve cells (neurons) as does that of the average ape. This means much greater learning capacity in man than in the ape. Other structural differences possessed by human individuals which give them advantages over the ape are erect posture, shorter limbs, smaller forearms, bifocal vision due to nasal structure, the hand with an opposable thumb, the foot with the big toe, and the larynx which makes human speech possible. The greatest advantage of all is that of language. Although this is chiefly a cultural fact, it depends basically on the superior brain and the structure of the larynx. An ape is capable of considerable learning, but he is unable to reflect upon his own experiences and communicate them to his associates in abstract terms. These are peculiarly human talents.

Students of human and animal behavior have observed similarities between apes and human beings, no less than differences. For example, apes have been found to have family life, care of the young, emotional responses, expressions of gratitude and shame, sociability and cooperation, mutual aid and competition, thought and play. Certain chimpanzees have responded well to training in various types of performance, such as smoking, riding a bicycle, eating with knife and fork, and drinking from a bottle. They have also shown ability to solve problems requiring reasoned judgment. But to all these accomplishments there are limits which argue unmistakably for the superior intellectual qualities of human beings. Thus, the Kelloggs, American psychologists, performed an experiment in which they attempted to bring up their own child, Donald, and a young chimpanzee they named Gua under precisely similar conditions, testing both subjects as they went along. The tests, increasingly severe, continued until the boy was nineteen months and the ape sixteen months old. Up to the age of about a year, Gua was consistently ahead of the child. But, shortly after that, Donald began advancing at a rate that left Gua hopelessly behind; and soon the experiment had to be discontinued as useless. In terms of mental capacity, man is far ahead of his humble pre-human ancestors in the animal world.

The Human Ancestors of Man. Fossilized human remains found in different parts of the globe point to the fact that creatures midway between man and animals existed as long as a million years ago. It is considered probable that Java man and Peking man, so called because of the places where their remains were found, were the earliest ancestors of modern man. They had an estimated brain capacity of 900 to 1,000 cubic centimeters. Piltdown woman and Heidelberg man were closer to us in time. Their brain cases suggest a capacity of about 1,200 cubic centimeters. These were the direct antecedents of Neanderthal man, previously mentioned. The latter was the first specimen to resemble modern man in many ways. He lived about 100,000 years ago, walked erect though with a slight stoop, had a brain capacity of approximately 1,200 to 1,600 cubic centimeters, and possessed facial features which resembled ours much more than do those of lower animals. But closest of all ancestral forms were the Grimaldi and Cro-Magnon races of man, which inhabited the European continent 20,000 or 25,000 years ago. Biologists believe that no significant changes by evolutionary process have occurred in man since the day of Cro-Magnon man.

This brings us to the problem of heredity. The human organism begins its existence with the union of two germ cells—one from the male and the other from the female parent. In the process of the organism's growth, cell multiplication and division take place. The cells of the organism are, from the outset, of two kinds: body cells (or soma cells) and germ cells (or procreative cells). The body cells undergo change throughout the life of the organism. The germ cells carry the traits of the ancestors in relatively unchanged form, and transmit these from one generation to another. Now, the germ cells also change, or else evolution would not be possible. The reason that the race of men now living is different from the races of man known as Java, Peking, Heidelberg, Piltdown, Neanderthal, and Cro-Magnon, is that there has been mutation of fundamental substance in the germ cells. We know this because similar mutations are going on and are artificially brought about in plant and animal forms today. However, the changes that have gone on, and are going on, in the human race are primarily changes in physical form which indirectly affect the behavior of human beings. In other words, heredity in man serves as a limiting, not as a determining, factor. It is both safe and fair to say that man cannot exceed the limitations of his brain and nervous system at a given time, even though the brain and nervous system develop much more when their development is facilitated from an early age. But this is not to say that, for that reason, the physical structure of man in any way determines man's behavior. This would make man a pawn of his biological constitution. Not only is man no mere creature of his structural characteristics but, on the contrary, his physical characteristics can be developed by training, within the limits of human capacity of the present period, to such a point as to facilitate higher and deeper mental function. It is true that not every man can be developed to be an Aristotle or a Leibnitz, a Newton or an Einstein, a Darwin or a Freud. If he cannot, it is because of two reasons: first, the limits of his inherited physical capacity and, second, the limits of the training which was applied to him from his youth on.

Man's Original Nature. Not so long ago, psychologists believed that man, like his animal ancestors, started life with certain reaction patterns called "instincts." The important human activities, such as making a home, rearing children, earning a livelihood, and engaging in war with other nations, were said to be due to the operation of certain instincts. Thus, war was traced to the fighting instinct; getting married and having children, to the sex instinct; care of children, to the parental instinct; and the accumulation of capital, to the acquisitive instinct. Many other instincts were proposed to explain other types of human activity. Instinct was defined as a complex, automatic, yet specific response based on inherited drives, which showed consistency in the individual and received uniform expression among all human beings.

The more was left to instincts to explain, the more indeed was claimed in their behalf. Thus, a generation ago it was claimed that the great variety of social customs and institutions manifested by people of divergent cultures throughout the world could be attributed to instinctive drives. Mothers the world over were said to possess a maternal instinct, though some mothers were known to practice abortion, infanticide, infant desertion, infant cannibalism, and even murder of unbetrothed girls. In our own culture, we have many couples who are childless by choice. The practice of celibacy by the Shakers for 150 years was based on a denial of the sex drive altogether. The Mormons, on the other hand, began with monogamy and, after a time, changed to polygyny, which they practiced for many years before they again accepted monogamy. The concept of a fighting instinct also fails to explain well-known facts. Such an instinct does not make allowance for the existence of pacifists, conscientious objectors, religious sects such as Shakers, Quakers, and Mennonites, who condemn war, and primitive groups who have never been at war. Similarly, the so-called acquisitive instinct fails to explain humanitarianism and the cooperative movements among farmers, consumers, manufacturers, and distributors.

No wonder, therefore, psychologists are now agreed that there are few definite behavior patterns in the infant at birth, and that these can not be said to determine complex behavior in social situations. The human organism at birth is equipped with a characteristic framework, consisting of muscles and bones; a lymphatic system and a blood system, carrying their respective streams of substances throughout the organism; an endocrine system, dependent upon glands which secrete specific chemical substances into the blood stream; a nervous system, consisting of a brain and a network of appendages and extensions reaching into every living part of the organism; a digestive apparatus; a respiratory apparatus; a sex-reproductive system; and an excretory apparatus. These structures are inherited, and are ready to perform at birth. Most of them, indeed, function before birth.

The original nature of man reveals itself in and through the basic structures of the human organism. It includes, first of all, a large variety of relatively simple responses, such as winking, blinking, sneezing, sucking, jerking, etc., known as *reflexes*. It includes, furthermore, the drives for hunger, sleep, temperature change, breathing, digestion, elimination, vocalization, etc. When these drives are satisfied, the infant is contented, and emotion is at a minimum. When drives are thwarted, anger often arises. When unfamiliar or threatening situations present themselves, the individual experiences anxiety or fear. We love those who are identified with ourselves in the satisfaction of our drives or the removal of anxiety connected with them.

The process of development starts with man's "original nature," but it does not stop there. Man's development is essentially a learning process. It is generally agreed among psychologists that man begins with needs that demand fulfillment. What is called "the learning process" consists in acquiring ways in which these needs can be fulfilled. Once a need is satisfied, it usually not only establishes a learned pattern of response but also becomes the basis, through conditioning, of ever newer patterns of action. Thus, the individual heaps new knowledge upon old knowledge, enlarging the range of his reactions. Starting with reflexes as the first responses satisfying basic organismic needs, he goes on to motor habits as complex as eating, dancing, shooting a gun. From relatively simple internal sensations and their motor accompaniments, he develops such emotional attitudes as those experienced in playing football or in running from a burning hotel. From simple guttural sounds, he develops symbolic language responses which ultimately take the shape of history and literature. Thus, the human organism, starting with a basic system of relatively simple reactions and an exceedingly plastic nervous system, gradually develops those capacities, skills, and emotional drives which constitute the human personality.

The Nature of Human Nature. At the beginning of this chapter, we spoke of the meaning of nature—physical and biological. Now, it should be obvious that we must speak of a third kind of nature —*human nature.* Why is this necessary? The answer is, that human nature is neither primarily physical nor primarily biological. It *is* physical and chemical, but physics and chemistry do not explain what we mean by human nature. It *is* biological, but the structural resemblance to other animals, or even to human beings, does not assure an individual of human traits. A baby is not born human. It has only the potentialities for human development.

To appreciate what happens to a human individual before he becomes endowed with human nature, let us look at what becomes of a human organism that grows up in isolation. Children who grew up in the midst of the animal world, in forests and caves, without benefit of human contact, have been known in history, and have been described in written accounts. Such children did not develop into human beings. They grunted, as do animals, instead of speaking. They were devoid of our basic habits of sanitation and hygiene. They galloped or crawled or trotted, instead of walking. They depended chiefly on their sense of smell and their sense of hearing, instead of on vision, as do human beings. They knew no inhibitions, except those imposed by pain. They had no skills, except those required for self-protection in an immediate sense. They had no sentiments, no hopes, no ideals, no conscience. Only a child reared in contact and interaction with human beings can become human. Skills, capacities, emotional drives do not stamp men as human, because animals below man's evolutionary level also have skills, capacities, and emotions of sorts. What makes man human is the "inner world" in which he lives and which constitutes the core of his personality. This is the "world" which every man creates and tries to maintain in his own peculiar way. It is the contention of psychologists and sociologists that he creates it and maintains it in the groups to which he belongs.

The story of human development is the story of group participation. This story differs with each individual, but it takes the same general trend in all human beings. In the endless dialogues which the child carries on with his parents, siblings, friends, and teachers, he acquires the folklore, the philosophy, the scientific dogmas, and the habits of life of his people. He learns to change his biological hunger into an appetite for foods preferred by his group and emphasized by its culture. He learns to control his need for elimination according to the standards of sanitation and in keeping with the patterns of shame and modesty developed by his group. His manners and his code of ethics, his sex standards and practices, behavior he learns to scorn and behavior he accepts as admirable, grow out of the patterns prevailing in his sociocultural environment. The reason for all this is not too difficult to see. It is by learning to conform to the rituals and ceremonials, the beliefs and ideals of his group, that man makes his conduct at once acceptable and understandable to others.

Being understandable to others is not the same as understanding oneself. From the parental reactions, that is, from the words and acts of parents, the child develops the feeling of being wanted or unwanted, the image of being good or bad, the conviction that he is entitled to certain things and deprived of certain other things. From these, he acquires his concept of his role in the group. By rehearsing his role continuously in his own imagination, if not in his reveries, the child gradually develops an image of himself. This image serves him in every situation, and becomes his peculiar manner of feeling, thinking, and overt behavior. In short, it becomes his personality.

The ability to develop a self-concept is peculiar to human nature. Out of this grows self-conscious behavior, self-control, and purposive behavior (behavior directed toward the realization of inner drives of which one is conscious). When the child learns to think of himself as others think of him, he has become a social "object" to himself. The capacity for shame, pangs of conscience, pride, and self-criticism naturally follow. When the child becomes aware of the consequences of his behavior, as reflected in the attitudes of others, he acquires self-control or the restraint of his feelings and desires, and eventually he shows capacity for idealization, foresight, reflection, and planning or setting up goals. Only human beings can do these things. Animals live mainly in the present, while human beings have both a conscious past and a conscious future. Hence these are distinctively human qualities or "human nature."

Along with self-consciousness, the child normally acquires another characteristic human trait, the art of sympathetic introspection. This ability to enter into the experiences of others by means of one's own imagination is the essence of human nature. Not that all individuals possess it to a high degree. But, as sociologists argue, the reason for its deficiency in some cases is not that the sociocultural environment does not make it possible for every person to acquire it. The chief obstacles are found in (1) ignorance of the conduct patterns and/or language of another group and (2) the attitude cultivated by almost all groups that their culture is superior to everybody else's. Students of human nature agree that these obstacles are not in themselves proof that man lacks the basic elements of human nature, for all men possess such sentiments as sympathy, love, resentment, vanity, ambition, hero-worship, and the feeling of social right or wrong. These sentiments make men different from animals, and are held in some degree by all nations, all races of man. In their attempt to differentiate human nature from animal nature, psychologists have not struck upon anything more distinctive that the capacity for sympathetic introspection. Combine this with self-conscious behavior, and you have the cornerstones of what may be described as "the nature of human nature."

The mammalian organism of man is born free and independent. Gradually this organism gives up its original autonomy, and accepts the patterns of behavior approved by the group. These patterns, once accepted, become internalized, that is, come to operate automatically. Thus man acquires mastery over his own "original nature," over himself. The story of man's conquest of nature, the priority of culture over nature, is only part of the story of mankind, a part of secondary importance. The story of how man comes to internalize his group's patterns, and thus conquers *himself*, is vastly more important.

TERMS TO BE UNDERSTOOD

environment, external
environment, internal
ages of man
priority of culture
Piltdown woman
Neanderthal man
original nature of man
instinct
conditioning
human nature
self-concept
sympathetic introspection

QUESTIONS FOR DISCUSSION

1. Criticize the view that the natural environment determines culture.
2. What role does the natural environment play in the formation of culture?
3. What is the role of heredity in the development of culture?
4. What are the principal structural differences between man and the ape?
5. What is the significance of the greater helplessness and the greater brain plasticity of the human infant as compared with the young of lower animals?
6. What is "original nature," and what are its chief characteristics?
7. Define "human nature," and show how it is related to culture.
8. Criticize the theory that the parental instinct explains parent-child relations adequately.

FOR FURTHER STUDY

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Chapter Four

POPULATION

An understanding of social life and the conditions that shape modern civilization must include a study of population. Population traits and population changes represent a basic factor in many economic, social, and political problems, such as employment, standards of living, race relations, regional planning, and social security.

Human beings may be studied by any number of approaches, but the simplest way is to look upon them as a population. While man, in his social relations, is the central point of interest throughout this book, in this chapter man's numbers and distribution are viewed as constituting a conditioning factor in shaping his social world. We are interested here in the elementary characteristics of people in aggregates—called populations—such as age, sex, births, deaths, marital status, nativity, occupations, residence, and migration, which account for man's numbers and distribution. These population characteristics, in turn, are influenced by man's social life. Population characteristics can be easily ascertained, and in many countries are usually recorded in census figures and other vital statistics. The Bureau of the Census has published a handy reference, containing population and vital statistics, titled *Historical Statistics of the United States, 1789–1945.*

In order to show how population is a basic factor in social life, consideration will be given to the following topics, with emphasis placed on the American scene: (1) the trend of population growth; (2) population and resources; (3) births, deaths, and migration; (4) population change; (5) the quality of population; (6) social effects of population changes; and (7) population policies.

THE TREND OF POPULATION GROWTH

World Population Growth. There are more than two billion people in the world today. The population of the world has been growing rapidly since 1650 (see TABLE I). It has quadrupled in three hundred years and has almost doubled in the past hundred years. This growth, however, has been uneven for different parts of the world.

In the period since 1650, western Europe grew faster in population than did the world as a whole. This period was a "transition period," in which Europe changed from a predominantly agricultural economy to an industrial, urban economy. This rate of growth has been coming to an end. For most of Europe and England there is a definite trend toward a stationary, and possibly a declining, population. This trend was very noticeable in France after World War I, and Germany was near the end of its population growth even before World War II. In contrast, the population of the Balkan nations and of Russia is still growing rapidly. By 1970 Russia may have increased from 185,000,000 to 250,000,000 people, and she may have more men in the ages of 15–34 years (that is, men of military age) than the total of the six or seven largest nations of Europe. The increase in the Russian population alone in the next quarter century may exceed Germany's total population.[1]

TABLE I

WORLD POPULATION GROWTH

Year	*Population (Millions)*
1650	545
1750	728
1800	906
1850	1171
1900	1608
1940	2171
1950	2250

Adapated from A. M. Carr-Saunders, *World Population*, Oxford, Clarendon Press, 1936, p. 42. The figure for 1940 is from the *Statistical Year-Book of the League of Nations*, 1941–42: and for 1950 from the *Monthly Statistics of the United Nations*, November, 1948.

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[1] "Two Billion People," *Round Table*, No. 430, University of Chicago Press, Chicago, June 16, 1946, p. 3.

As the last hundred years have been the period of rapid population growth for western Europe, so the next hundred years may be the period of rapid growth for the Far East—southern and eastern Asia. Of the two billion people in the world today, about a billion of them live in the Far East. The nations in this area are still in the pre-industrial stage. In the process of industrialization and urbanization their populations have the potentiality of rapid growth, but the rate will depend on the availability and use of mineral resources, land area, and birth control knowledge.

The general pattern of population growth[2] may be stated as follows: among pre-industrial people the population grows slowly. Marriage customs, family life, and religious beliefs favor large families, and hence a relatively high birth rate. The death rate is also relatively high, particularly during periods of famine and epidemics. The industrial revolution meant improvements in tools and transportation, which led to more effective production and distribution of food. Science and technology came to be applied in industry and in the improvement of sanitation and public health facilities. The first effect on population was to reduce the death rate. Birth rates were more resistant to change, and did not decline until the developing urban-industrial forces put new strains on the large-size family. In the meantime, the population grew rapidly. However, when people begin to place a high value of physical and material welfare, they start thinking about a small-size family. Hence, the practice of birth control becomes increasingly widespread. For a time the birth and death rates fall about equally and the population size remains fairly stationary. In the last phase, the fall in the birth rate is more rapid than in the death rate, and the time is ripe for a declining population.

In the Far East, Japan is an excellent example of this general process of population growth. The industrialization of Japan within a period of seventy-five years prior to World War II resulted in a doubling of her population. Toward the end of this period Japan had apparently started to take over features of industrialization, including the practice of birth control and the resulting small-family system.

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[2] Warren S. Thompson, "Population Growth in Relation to World Peace," *Yale Law Journal*, Vol. 52, August, 1946, pp. 1242–57.

Population Growth in the United States. The growth of population in the United States has been one of the most spectacular in history. From a nation of about 4,000,000 in 1790 we have expanded to about 148,000,000 at the beginning of 1949. The number of births estimated for 1947 alone nearly equals the total population of our nation at the time it was established under the Constitution. Our population more than trebled from 1860 to 1940 (see TABLE II).

TABLE II

GROWTH OF POPULATION IN THE UNITED STATES, 1790–1950

		Increase over Preceding Census	
Census Year	*Population*	*Number*	*Per cent*
1950	150,000,000	18,400,000	13.0
1940	131,669,225	8,894,229	7.2
1930	122,775,046	17,064,426	16.1
1920	105,710,620	13,738,354	14.9
1910	91,972,266	15,977,691	21.0
1900	75,994,575	13,046,861	20.7
1890	62,947,714	12,791,931	25.5
1880	50,155,783	11,597,412	30.1
1870	38,558,371	7,115,050	22.6
1860	31,443,321	8,251,445	35.6
1850	23,191,876	6,122,423	35.9
1840	17,069,453	4,203,433	32.7
1830	12,866,020	3,227,567	33.5
1820	9,638,453	2,398,572	33.1
1810	7,239,881	1,931,398	36.4
1800	5,308,483	1,379,269	35.1
1790	3,929,214		

From National Resources Committee, *The Problems of a Changing Population,* Washington, D. C., Government Printing Office, 1938, p. 21. Figure for 1940 and the estimate for 1950 are from the Bureau of the Census.

After 1870, increases ranged from 10,000,000 to 18,000,000 in each decade. Despite this growth, the population trend in the United States is following the general pattern of western Europe. Between 1930 and 1940, the United States increased in population by 7.2 per cent. This was only half the increase of the previous decade, 1920–30, and it was less than that of any decade of our national existence. The estimated 13 per cent increase during the decade 1940–50 is not to be regarded as the beginning of a reversal in the historic trend. The upward swing is regarded by many students of population as a temporary change due mainly to war conditions. Whereas it took fifty years before 1940 for our population to double, in the fifty years after 1940 the population is expected to increase only 25 per cent.

Immigration. During the 1930–40 decade, for the first time in our history, all of the increase in our population came from the excess of births over deaths.[3] This change is in marked contrast to the 1920–30 decade, in which the population increased by 16.1 per cent, or 17,000,000 persons, of which 20 per cent were attributable to immigration.

About 38,000,000 persons, mainly from Europe, came to settle in the United States from 1780[4] to 1920. It is especially significant that the immigrants did not contribute more than 43 per cent of any decennial increase in population (see Fig. 1). The addition of the immigrants to our population has been more important than even their numbers would indicate, for the ages of the immigrants have also been favorable to our population growth. These persons were in the child-bearing ages, and the death rates were lower among them than for any other ages of life. In general, the immigrants (and their offspring) coming to our country after the colonial period until 1920 contributed about 58 per cent, or 53,500,000 persons, of the increase in the white population.

Future Population Estimates.[5] Estimates of the future population of the United States have been made by P. K. Whelpton, of the Scripps Foundation in Research in Population, in cooperation with the Bureau of the Census. These estimates are based on various assumptions as to what will happen to birth and death rates and to immigration. The amount of error in these assumptions depends on the way in which various social and economic forces will influence the birth and death rates and immigration.

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[3] An excess of births over deaths is referred to as a "positive natural increase; an excess of deaths over births is referred to as a "negative natural increase."

[4] Official records, however, of the number of immigrants date back only to 1820.

[5] This entire section is based on data in P. K. Whelpton *et al.*, *Forecasts of the Population of the United States, 1945–1975,* Bureau of the Census, United States Government Printing Office, Washington, D. C., 1947. For a more recent set of estimates, see *Forecasts of Population and School Enrollment in the United States, 1948 to 1960,* Bureau of the Census, Series P-25, No. 18, United States Department of Commerce, February 14, 1949.

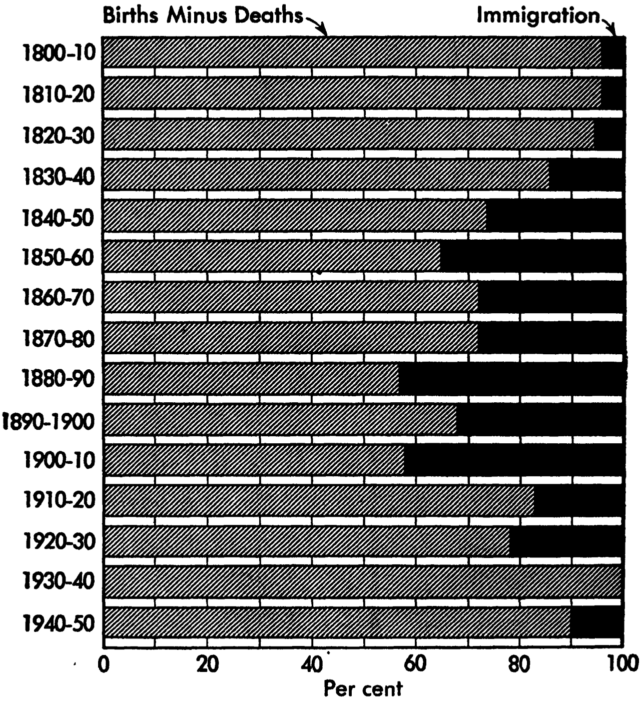

FIG. 1. Intercensal increase of the white population from births minus deaths, and from current immigration, 1800–1950. (From P. K. Whelpton, "History of Population Growth in the United States," *Scientific Monthly*, Vol. 67, Oct., 1948, p. 278; Copyright, 1948, by the American Association for the Advancement of Science.)

The most probable assumption is based on a medium fertility (birth) rate, a medium mortality (death) rate, and little or no immigration. The population estimate is 153.3 million for 1960, and 162,300,000 for 1975. Considering the various assumptions, the range of estimates for 1975 is from 151,000,000 to 177,300,000. By any of these estimates, however, our population will reach its peak between 1980 and 2000, and will decline thereafter, unless the influencing social and economic forces change.

Sex Ratio. Accompanying the slowing up of population growth there will be a continued decline in the sex ratio (the number of males per 100 females). In contrast to the situation in foreign countries, where the sex ratio has been in favor of females, largely because of wars and emigration, the sex ratio during the history of the United States has been in favor of males. The sex ratio reached its peak in 1910, when it was 106. This ratio reflected large numbers of male immigrants. After 1910 the sex ratio declined steadily. In 1930 there were 102.5 males per 100 females, and by 1940 the sex ratio was 101.

In 1945, for the first time in our history, the estimated sex ratio, 99.7, indicated a slight surplus of females. The outlook for the period 1945–75 is that the sex ratio will be somewhat lower than even the 1945 figure. Under assumptions of medium fertility and mortality rates and little or no immigration, the sex ratio will decline to 98.2 in 1965 and 1970.

Color and Nativity. The color and nativity of our people will also be reflected in the pattern of population growth. The proportion of white persons in the population showed an increase from 81 per cent in 1790 to 89.8 per cent in 1940. During this period, the Negro population gained slightly, while other groups, such as Indians, Chinese, and Japanese constituted less than 1 per cent in each census.

Most of the white population was of British origin (80 per cent) at the time of our independence from England. Persons of German descent (7 per cent) and the Irish (4 per cent) were next in order, though by the middle of the nineteenth century, persons of these descents outnumbered Britons. Toward the end of the nineteenth century, the immigration stream changed so that the proportion from southern and eastern Europe was rising rapidly. By 1920, the British declined to 44 per cent, while the Germans increased to 16 per cent, the Irish increased to more than 11 per cent, and the Polish and Italian immigrants constituted 4 and 3 per cent respectively. The immigrants from southern and eastern Europe would undoubtedly have become a larger proportion of the population had it not been for the quota restrictions since 1920. In consequence, there have been, since 1920, only slight change—chiefly on account of the relatively high birth rates of Italian, Polish, and southern and eastern European peoples—in the relative proportions of European nationality groups living in the United States.

Age Composition. The age composition or structure of the population has also been changing and will continue to change. Figure 2 (and the population pyramids for 1945 and 1975 shown at the end of the chapter) presents an excellent graphic picture of the age composition of the American people—past, present, and future. As compared to many other nations, the United States has had a relatively youthful population. Persons in the older ages will form a larger proportion of the population than at the present time, and the reverse will be true of children and youths. The elders—persons 65 years and over—had, and may be expected to have, the largest relative increase in the population. In 1840, about 4 per cent of our people were 65 years of age or older; in 1947, the figure was

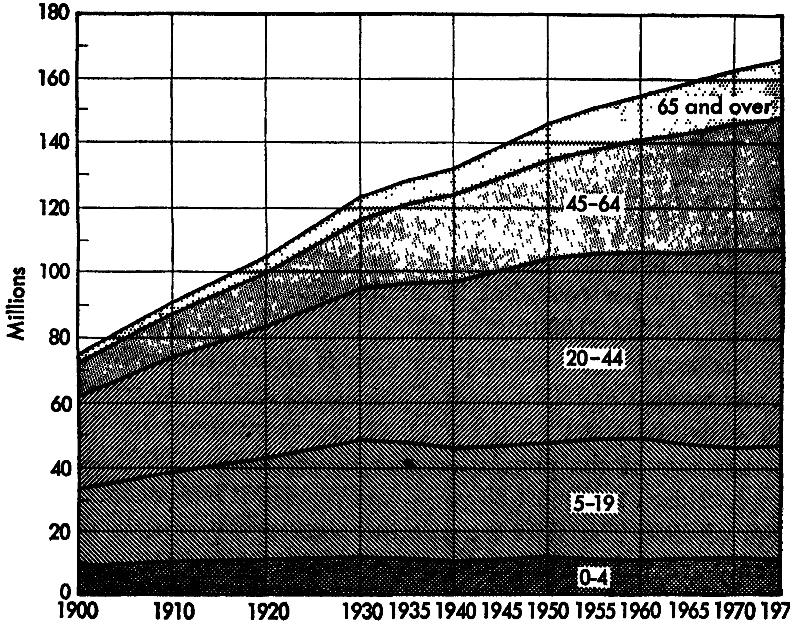

FIG. 2. Changes in the age composition of the population of the United States, 1900–1975. (Based on assumption of medium fertility and mortality rates, and immigration of 500,000 per 5 years. From P. K. Whelpton *et al.*, *Forecasts of the Population of the United States, 1945–1975*, p. 49.)

slightly above 7 per cent. During the next quarter-century the proportion probably will rise to about 11 per cent—more than half again as large as at present. Between 1945 and 1975, then, it is estimated that there will be a 45 to 55 per cent increase in the proportion of persons 65 years of age or older.

In 1900, children under 5 years of age, school children, and youths under 20 years of age constituted about 34.4 per cent of the population. By 1947, the population declined slightly (about 1 per cent). The estimate for 1975 is that this age group will constitute about 28 per cent of the population.

The persons in the working ages, 20 to 64 years, probably will become a smaller proportion of the population, though they may be expected to increase numerically. In 1945, this age group represented 58.8 per cent of the population and numbered about 83,000,000 persons. By 1975, the proportion will probably decline to about 54 per cent, but in number there will probably be 96,000,000 to 103,000,000 persons.

The trend of an aging population is clearly shown by the rise in the median age (the central age above and below which there are equal numbers of persons) of the population. In 1800, the median age of the population was 16 years. By 1900 the median age had risen to almost 23 years, and in 1945 it had reached a new high of 29.7. The shift towards the older age groups in the next twenty-five years will result in the median age of the population rising still further to a level between 32.9 years and 35.6 years, with the medium assumption being 34.1 years.

POPULATION AND RESOURCES

There have been various estimates as to how many people the world could support. The estimates range from 3 to 20 billions. The size of a population in any given area is related to food resources, climatic conditions, the presence of natural resources, the state of technology, and the social and economic organization of the group.

Distribution of the World's Population. It is important first of all to know where the people of the world used to live and where they now live. This picture, in terms of percentage is presented in TABLE III. Europe's population of 547,000,000 at the present time represents about one quarter of the population of the world. The land is relatively fertile, waterways are plentiful, the people have a knowledge of scientific farming, and industry is well developed in many of its nations.

North America has 186,000,000 people, which is about one-twelfth of the world population. Central America has 20,000,000 and South America has 88,000,000 inhabitants. Some of the areas in South America are heavily populated, while other areas are sparsely populated and undeveloped. Climate and resources limit the population of some of these undeveloped areas, but some regions show economic potentialities for industrial development.

TABLE III

THE WORLD'S POPULATION BY CONTINENTS, 1650 AND 1938 BY PERCENTAGE DISTRIBUTION

Continent	*1650*	*1938*
Europe	18.3	24.9
North America	.2	6.6
Central and South America	2.2	6.1
Oceania	.4	.5
Africa	18.3	7.3
Asia	60.6	54.6

From W. F. Ogburn and M. F. Nimkoff, *Sociology*, New York, Houghton-Mifflin Co., 1946, p. 438.

Africa is a large continent, but it has a relatively small population of about 158,000,000. Its climate and backward technology account for the small population. Australia is a big island with a relatively small population of 11,000,000 of which 7,000,000 live around the rim of the continent because the interior lacks water. Asia is the largest land area in the world and has over half of the world's population. It is estimated that China alone has 463,000,000 people and, together with India, has about three-fourths of the population of Asia.

Nature, Culture, and Population Size. The size of a population in any area of the world depends in part on the amount of food available. In turn, the food supply is dependent upon the number of acres of land used for cultivation. There are 33.3 billion acres of land in the world, but only 2.4 billion acres are under cultivation, and another 2.7 billion acres are potentially arable. In the United States, about 3.3 acres are used to supply the food needs for each person. If the other peoples of the world used 3.3 acres to support one person, the world could support only 1.7 billion persons, less than the present world population. If the ratio of arable acres were the same as in prewar Germany, the world could support about 10 billion people. Actually, the remainder of the world does not possess land as fertile as that in the United States, nor do many other nations have the same knowledge and technology of farming. However, there are places in the world (such as China) where the lack of machinery is counterbalanced in part by the use of a relatively large and cheap labor force. If the diet (particularly cereals and vegetables) and the ratio of acres of arable land to persons were the same throughout the world as they are in many parts of Asia, between 10 and 20 billion people could be fed.

In the very cold and hot regions of the world, climate is the limiting factor in population size and economic activity. Yet geographical and climatic factors do not alone determine the size of population or where people live. China has a large population and could support many more people if she had as advanced a technology as her small neighbor, Japan. Generally, those regions of the world which have poor land, little coal, and few minerals do not have much chance to grow in population or to share in the material advantages of life. England has about the same land surface as does Sweden, but England's population is about 45,000,000 while Sweden has a population of only 6,000,000. Moreover, England has until recently enjoyed a higher standard of living than Sweden, because England was first to develop modern industry; and through her empire, her shipping, and world commerce, benefited from the rich resources of many portions of the earth.

The economic organization and the institutions of a people are closely related to the size and wealth of a population. An area may be lacking in minerals, but if the people have developed a division of labor, a money and credit system, efficient laborers, and an extensive system of trade and commerce, the population and wealth may be large. The relatively rich nations are the United States, the nations of western Europe, Australia, New Zealand, and Canada. In these nations the average person is able to buy about ten to twenty times the volume of goods and services as in the poorer nations. The wealth of a nation depends chiefly on the way it has organized and developed its arts, technology, and social system.[6]

BIRTHS, DEATHS, AND MIGRATION

Births, deaths, and migration directly determine the size of a population for any particular area in the world. Births and immigration work to increase the population, while deaths and emigration decrease the population. We shall now turn to an analysis of the way these factors have made our population size what it is, and how they are likely to work in the near future to bring about a stationary or declining population.

Births. Most people are usually surprised to learn that the long-time birth rate[7] has been declining. The downward trend in birth rates in the Western world began more than a century ago in France among the prosperous people living in cities. Then it spread to the remainder of western Europe and England. The forces behind the decline in birth rates have been at work, even in the United States, for 150 years.

The Birth Rate Trend in the United States. The registration of births for all the states began in 1933; consequently, actual birth rates for the nation as a whole before 1933 are not available. However, it is possible to estimate the trend in the birth rate in earlier years by analyzing the ratio between the number of children and the number of women enumerated in the census.

In 1800, there were about 1,340 white children under 5 years of age for every 1,000 white women 20–44 years of age. In every census thereafter (excepting that of 1860) the ratio fell sharply. By 1940 the ratio was only 419, or less than one-third of that for 1800.[8] In other words, the birth rate of white women has dropped at least 65 per cent since 1800. The decline for the Negro population has been comparable. The 1950 estimate, however, shows a substantially higher ratio of 506.

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[6] "Can World-Wide Income Inequalities Be Lessened?" *Round Table,* University of Chicago, Chicago, No. 457, December 22, 1946, p. 8.

[7] "Birth rate" as used here is usually referred to as the "crude" birth rate, or the number of births per 1,000 population per year.

[8] P. K. Whelpton *et al., op. cit.,* p. 17.

A more accurate idea of the birth rate trend (providing a better measure than the "crude" birth rate), which has been available only since 1920, is the "refined" birth rate.[9] In 1920, the refined birth rate was about 100, and by 1945 the ratio had fallen to 76. These figures represent a 25 per cent decline. The non-white population, on the other hand, showed a slight increase during the same period.[10]

Causes of the Declining Birth Rate. The reasons for the long-term decline in the birth rate are complex and varied. Some students emphasize biological factors, such as an increase in sterility or low fecundity, and a rise in the proportion of pregnancies ending in miscarriage or stillbirth.

An increase in the incidence of complete sterility (that is, the lack of ability to bear even one child) may be a partial cause of the drop of fertility, but the evidence at hand indicates that sterility has played only a minor part—perhaps 5 to 10 per cent.[11] There is, likewise, little reliable information as to the role which low fecundity or partial sterility (that is, where the capacity for childbearing is subnormal though the couple has at least one child) has played in the decline in fertility. Moreover, it is known that some couples with low fecundity have all the children they want; rather it is the "spacing" (that is, planning of the time of births) of their children which is affected by their condition.

Another biological (though not strictly hereditary) reason that is offered is the rise in the proportion of pregnancies ending with a miscarriage or a stillbirth. Actually, there has been a proportional decrease in miscarriages and stillbirths. Considered together, the biological factors account for probably no more than 15 per cent of the historic decline in the birth rate in the United States.

Social scientists generally stress the cultural and psychological reasons for the declining birth rate. One frequent explanation is a less favorable marriage rate, which results from a decrease in the proportion of persons who marry and from the postponement of marriage. There are two reasons why none of the long-term decline in the birth rate in the United States can be attributed to these factors. From 1890 to 1940, there was a substantial increase in the proportion of married persons among the white population. Moreover, the age of first marriage has been declining, so that in 1940 the average (median) white male married at the age of 25, and the average white female married at the age of 21 years.

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[9] "Refined" birth rate means the number of births per 1,000 women 15–49 years of age—the usual childbearing years.

[10] P. K. Whelpton *et al., op. cit.,* pp. 17–18.

[11] *Ibid.,* p. 24.

Another social explanation which has been offered is the greater frequency of illegal abortions. There is some evidence that among atypical city groups there are numerous illegal abortions; but, in view of the low rate among typical city groups, it is evident that illegal abortions account for only a small part of the decline in the birth rate.

Most of the evidence available indicates that the largest cause—perhaps 65 to 70 per cent—of the long-term decline in fertility has been birth control, or the voluntary limitation of family size. The development of industrialization and city life have stimulated many people to seek a high standard of living. This quest has resulted in a change in the economic desirability of children. In an agricultural life, children are an economic advantage; in a city, children are more apt to be considered a responsibility and an obstacle to the achievement of a high standard of living. Desire for a higher standard of living, the rise in literacy, and increased sophistication have induced many people to have relatively few children. The most tangible expression of these psychological and cultural influences has been the development and extended use of birth control practices. We know very little, however, about the way in which psychological and cultural factors enter into the acceptance or rejection of birth control practices.

Differential Birth Rates. In the major industrial areas in the United States the birth rate is below what is required for population replacement. Our farmers, who constitute about one-fifth of the population, practice birth control, but not so extensively as do city people. Whether the birth rate of the farmer will decline to that of the city is problematic. The farm seems to be a more wholesome place to rear children than is the congested, smoky, noisy city, but farmers may come to realize that greater opportunities can be given to fewer children. Moreover, as contacts with city life increase, many urban patterns, including birth control practices, may be taken over increasingly by our farmers and other rural people. Even in the big cities, many people oppose birth control on religious or moral grounds. Yet, during the last twenty-five years, the birth rate among the Catholics fell faster than it did among the non-Catholics.[12] The same situation prevailed among the foreign-born as compared to native whites.[13]

The birth rate tends to vary inversely with social and economic status. There is substantial evidence that occupation, education, and income have an influence on the birth rate. For example, professional people do not reproduce themselves. In fact, no large group of people with at least a high school education has enough children to take its place. The economically poor rural areas have such a high birth rate that the population more than replaces itself. In contrast, the economically rich cities produce so few children that their present population can be maintained only by recruiting people from the rural areas.

Deaths. Despite the historical falling birth rate, the population of the United States has continued to grow. One reason for this growth has been the declining and relatively low death rate.[14] It is estimated that, in 1790, about 35 persons of every 1,000 died each year in America. Today, the death rate is about 11, or less than one-third of the earlier figure. The chief gains in the reduced death rate have occurred among infants. At one time in our history about 250 of every 1,000 babies died in their first year of life. This condition is still true in China. Today, in the United States the infant death rate[15] is about 40. In New Zealand it is only 29.

Death rates have declined greatly for every year of life except at 60 years of age or older. Medical science and improved sanitary conditions have played important parts in combating the infectious and contagious diseases which were responsible for high death-rates for children. Figure 3 shows how the death rate changed at different ages for the period 1855 to 1945. For children under 15 years of age the decline in the death rate has been especially great. The rate has been lowered considerably in the ages 20 to 30 years, though the death rates at these ages have always been relatively low. In the ages above 80 years, the death rate has always been high, but it has shown a slight decline in recent years.

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[12] Samuel A. Stouffer, "Trends in Fertility of Catholics and Non-Catholics," *American Journal of Sociology*, Vol. 41, 1936, pp. 143–166.

[13] William F. Ogburn and Meyer F. Nimkoff, *Sociology*, Houghton-Mifflin Co., Boston, 1946, p. 485.

[14] "Death rate" as used here is usually referred to as the "crude" death rate, or the number of deaths per 1000 population per year.

[15] Infant death rate is the number of deaths of babies under 1 year of age per 1,000 live births.

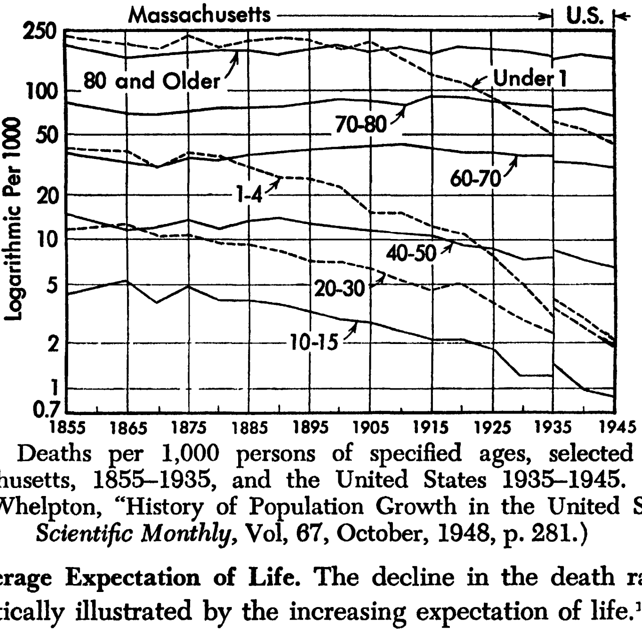

FIG. 3. Deaths per 1,000 persons of specified ages, selected years, Massachusetts, 1855–1935, and the United States 1935–1945. (From P. K. Whelpton, "History of Population Growth in the United States," *Scientific Monthly*, Vol, 67, October, 1948, p. 281.)

Average Expectation of Life. The decline in the death rates is dramatically illustrated by the increasing expectation of life.[16] This change is shown in Figure 4. Especially noticeable is the steep rise in the expectation of life at birth. In 1850, the average baby boy could hope to live only 40 years; but the expectation of life was lengthened to 47 years by 1900, and to 65 years by 1946. When the fathers of our college students were of college age in the decade of the 1920's, they could expect to live 43 to 45 more years. Today the 20-year-old youth can expect 47 to 48 more years of life. There is also a difference in the average expectation of life between the sexes, with women having a slightly higher expectation of life than men by 2 to 3 years. Though the average expectation of life will probably reach 70 years, this increase will take place more gradually than it has during the past two or three decades. The future course of the death rate in the United States will depend chiefly on changes in the standard of living, on the level and availability of public health services, and on advances in medical science and nutrition.

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[16] "Expectation of life" is the number of years an average person *at any given age* can expect to live.

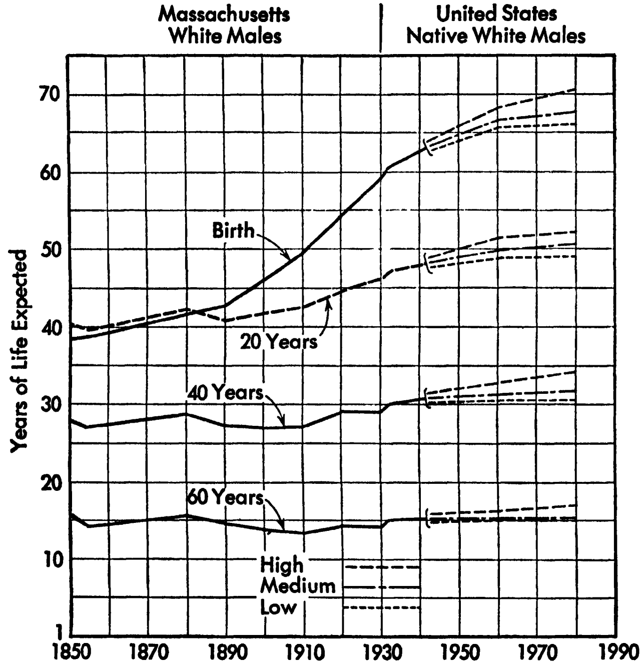

FIG. 4. Expectation of life in the United States. For white males at birth, at age 20, at age 40, and at age 60, Massachusetts, 1789–1931, and estimated future trend. (Based on National Resources Committee, *Problems of a Changing Population,* p. 22 and P. K. Whelpton *et al., Forecasts of the Population of the United States, 1945–1975,* p. 13.)

Migration. During most of our history, immigration was a major factor in the growth of our population. Since World War I, the restrictions on unlimited immigration have altered this source of population growth. From an annual average of 400,000 in the middle decades of the nineteenth century, the annual number of immigrants rose above the million mark in each of the early years of this century. Then, starting in 1921, we passed laws limiting the number of immigrants. An act passed in 1929 finally limited the number to about 150,000 annually from the "quota countries."[17] Since 1930, immigration has been restricted even more by various regulations affecting the issuance of visas. As a result, the number of immigrants entering the United States during the years 1931–45 averaged only 46,000 annually, and in some of these years (1932–35, for the first time in our history) the number of emigrants exceeded the number of immigrants.

There have been demands in recent years to allow "displaced persons" in Europe to come to the United States, even to fill the unused quotas of recent years, but the numbers permitted to enter are still relatively small. It is difficult to say whether or not the immigration policy of the United States will be relaxed very much in the next decade or two. The answer will depend largely on both domestic economic conditions and the role which the United States will take in world affairs.

Westward Internal Migration. Migration within the United States has been and is still an active influence in the distribution of the population. There have been two main movements or migrations of people between different areas in this country. The first migration was the historical westward movement shown in the map in Figure 5. Here we see the dense waves of people moving from the eastern coast to the west, first across the Alleghenies into the Ohio valley and the "rolling plains" of the middle central states. The area immediately west of the Mississippi was neglected for a time, while the heaviest migration was to the Pacific coast. During the 1920's the population of the Pacific coast states increased by almost half, and even the increase of 20 per cent from 1930 to 1940 was more than for any other section of the country. During World War II the "westward movement" continued. Nearly 15 million civilians migrated during 1942–44, as compared to 14 million migrants during 1935–39. During the war years the population of the Pacific coast states increased by more than one-third. In general, California attracted the largest number of migrants, about 3½ million persons, representing about one-half of its population.

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[17] The quota principle was embodied in the National Origins Act of 1929, which limited the total number of immigrants who might be admitted in one year to 153,714, to be apportioned among the various European countries in proportion to the "national origins" of the American people in 1920. In essence, the quota immigration laws gave preference to the stocks representing the first settlers or earlier immigrants from north and northwest Europe, and limited the number of the so-called newer immigrants from south and east Europe.

Rural-Urban Internal Migration. The second type of internal migration has been the cross-current type from the farms to the industrial and commercial cities, particularly in the Middle Atlantic, the Great Lakes, southern New England, and the Pacific states.

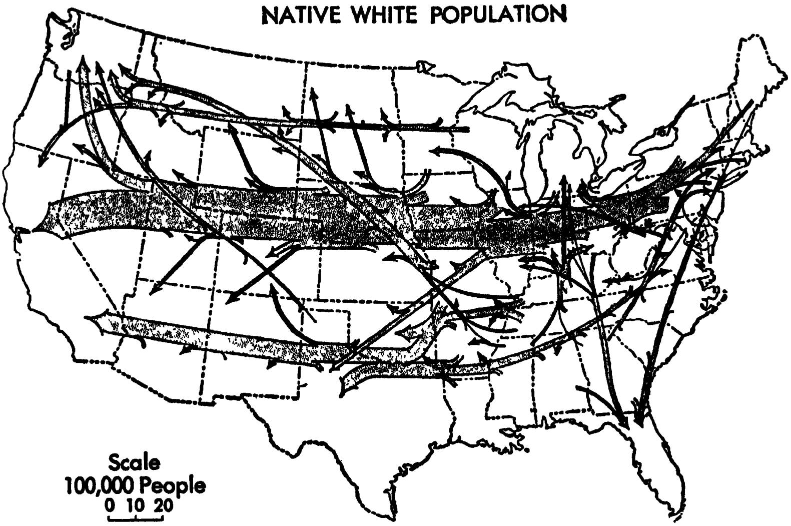

FIG. 5. Net migration of native white population since birth. (From National Resources Committee, *Problems of a Changing Population,* p. 84.)

Economic reasons were the most important ones for the cityward migration. The search for new land early in our history led to the peopling of the nation. Later, the search for a high standard of living resulted in the concentration of people in the commercial and industrial cities.

During the depression years of the early 1930's the rate of movement from the farms to the cities slowed down. The war, on the other hand, accelerated the movement of people to the cities. Most war materiel was produced in the industrial areas, and as a consequence, many rural dwellers migrated to these war production centers. The greatest migration was to the Pacific coast cities whe practically overnight, huge airplane and ship construction industries came into being.

The internal migration which has taken place during the period of World War II has been consistent with the long-term trend. To what extent this pattern of migration will continue can be answered only in the light of economic developments. If a major depression and mass unemployment develop, migration to cities might slow down. On the other hand, if we have a prolonged era of prosperity, the migration to the West and to the industrial-urban areas in general (perhaps to the areas surrounding the large cities) will continue.[18]

POPULATION CHANGE

Our population has grown in spite of a falling birth rate because (1) the already low death rate has declined, and (2) many of the immigrants were in the child-bearing ages. At present, the birth and death rates, rather than immigration, are the important factors which will determine the future growth of our population.

Future Trend in the Death Rate. The drop in the death rate is coming to a halt. The current death rate is about 11. Whether or not the over-all death rate will decline further during the next few decades will depend in large part on the progress made in the field of medicine. The big problem for medical science today is the high death rate among older people caused by the degenerative diseases, such as heart disease, cancer, and nephritis. The outlook appears to be favorable for continued progress in controlling such diseases as tuberculosis, influenza, and pneumonia. Similar gains can be expected from a comprehensive program to control venereal disease. Because the population is aging it is estimated that the death rate within the next fifty years will rise to 15 or 16, the point at which the birth rate, also, is expected to settle.

The Recent Rise in the Birth Rate. It is difficult for many people to believe that the birth rate is expected to decline when they read and hear of the recent rise in the birth rate. The birth rate has risen substantially since 1933, when it was 18.4. In 1947 the birth rate was 27.2, which is the highest rate since the early 1920's and more than one-third higher than the depression low in 1933. Numerically, there were about 4,000,000 births in 1947 as compared to 2,300,000 in 1933. To answer the question as to whether or not the recent rise in the birth rate represents the beginning of a reversal in the historic decline of the birth rate, it is necessary to consider shifts in the rates of first, second, and third births, as well as births of other orders[19] per 1,000 women aged 15–49 years (see Figure 6).

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[18] J. Frederic Dewhurst *et al.*, *America's Needs and Resources*, The Twentieth Century Fund, New York, 1947, pp. 43–8.

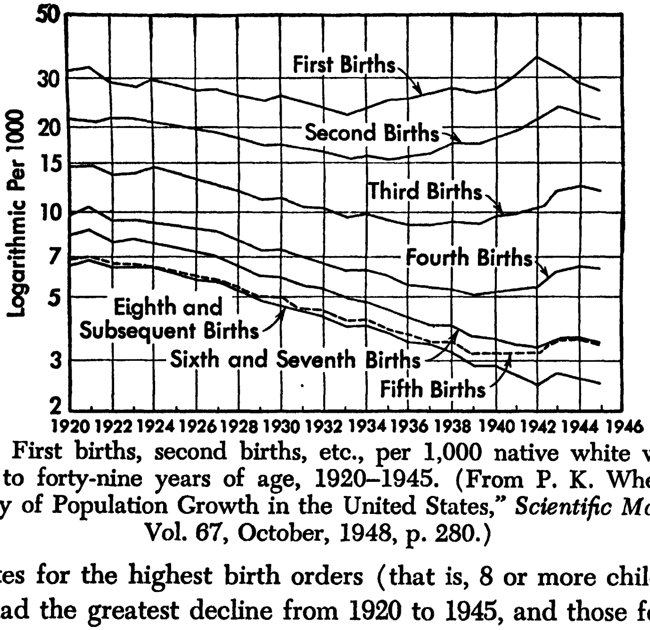

FIG. 6. First births, second births, etc., per 1,000 native white women fifteen to forty-nine years of age, 1920–1945. (From P. K. Whelpton, "History of Population Growth in the United States," *Scientific Monthly*, Vol. 67, October, 1948, p. 280.)

Rates for the highest birth orders (that is, 8 or more children) have had the greatest decline from 1920 to 1945, and those for the lower orders have had the least decline. The rates for the eighth or higher order births fell from 6.8 in 1920 to 2.5 in 1945 (a drop of 63 per cent). At the other extreme, first births declined from 32.6 in 1920 to 22 in 1933, a drop of 32 per cent. First births began to increase after 1933, and by 1942 the rate was 35.2, over 60 per cent above 1933 and nearly 10 per cent above 1920. From 1942 to 1945, however, there was another decline to 26.9, which counterbalanced two-thirds of the 1933–42 rise. The long-term trend for first births has been slightly upward. Second through seventh birth orders have shown intermediate trends, "the general relationship being the higher the order, the longer and larger the decline, and the shorter and smaller the subsequent rise."[20]

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[19] "Birth orders" refers to the number of children born alive to the mother.

It can be concluded (1) that the post-war boom in babies was stimulated chiefly by the war psychology and the high degree of prosperity; (2) that the rise in the birth rate from 1933 to 1947 represents the occurrence of births that were postponed by the depression and by World War II; (3) that many of the recent births represent an "advance payment" on future births, insofar as women have been marrying at a younger age and having their children at a younger age than before the war; and (4) that the recent rise in the birth rate is only of temporary duration, and that the birth rate may be expected to resume the long-term downward trend, though the decline will be more gradual than in the past. The only way in which a permanent reversal in the long-term birth rate can take place would be for many couples who have had no child or only one or two children to decide to have an additional child or two. Only such a development can offset the expected decline in the number of families which have five or more children.

The Net Reproduction Rate. The net reproduction rate[21] is the best index of the ability of a population to replace itself. When the age composition of a population is stable (that is, when the proportion of the population in the different age groups remains the same), its rate of natural increase is called the *true* rate of natural increase. When figured on the basis of the replacement within a generation (about 28 years), the figure is called the *net reproduction rate.* The year 1936 affords an example of how misleading the rate of natural increase is as concerns the growth of our population. In that year, the rate of natural increase was 5.8. This meant that the population increased about 1,000,000 in 1936. The net reproduction rate was 0.947, which meant that if the age composition of our population had been stable, there would have been a decrease of 53 persons per thousand over a generation, or at the rate of 1.8 per thousand per year.

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[20] P. K. Whelpton *et al., op. cit.*, p. 20.

[21] When 100 mothers produce enough girl babies who, in turn, become 100 mothers, the population is said to maintain itself and to have a net reproduction rate of 1.0.

Figure 7 compares the rates of natural increase and the net reproduction rates for some of the nations in 1940. The net reproduction rate for the United States in 1940 was 1.024, which means that if the age composition of our population were stable there would be an increase of 24 per thousand population in a generation, or at a rate of about one per thousand per year. Actually, the rate of natural increase of 7.1 makes it appear that we were growing at a much higher rate. The nations of western and northern Europe would be losing population were it not for the favorable age compositions which exist at present in those nations. In contrast, the Balkan nations, Portugal, and Japan are more than replacing themselves.

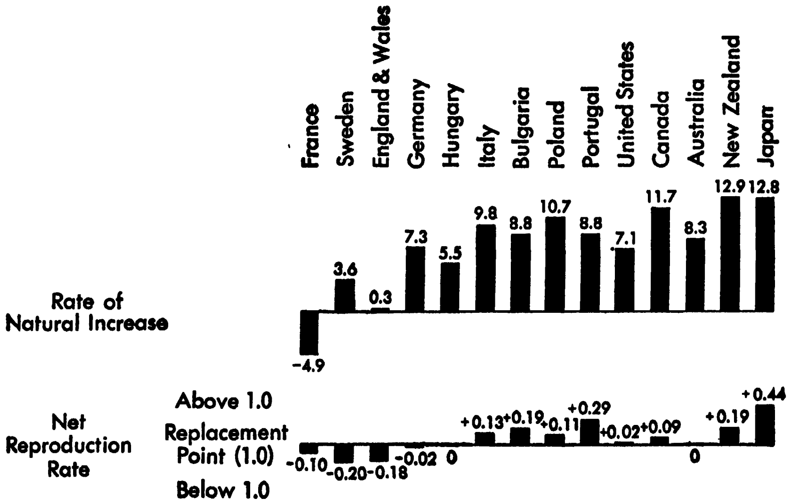

FIG. 7. Rates of natural increase and net reproduction rates for various nations about 1940. (Adapted from data in the *Statistical Year-Book of the League of Nations*, 1941–1942, pp. 36–39, 50–51.)

QUALITATIVE ASPECTS OF POPULATION

Thus far, attention has been focused on the numerical aspects of population growth. Of equal, if not of greater, importance is the quality of a population.

Eugenics. Eugenics is a program designed, on the one hand, to eliminate the "unfit" by preventing them from reproducing; and, on the other hand, to breed a type of person who possesses certain desirable qualities. The eugenist stresses the biological or hereditary factor, which he believes is equated with cultural achievement. Thus, for the eugenist, any subtraction from the biological side of the equation means a corresponding subtraction from the cultural side.

Negative Eugenics. The negative program of the eugenic movement is to eliminate the "unfit." Most of all, the eugenists fear the relatively high fertility of the families living on the margin of decent subsistence. Eugenists keep reminding us that, at the present fertility rates, the poorest fourth of our population will furnish half of the population in the next generation. This is taken to mean that the "unfit" are becoming more numerous, which in turn will cause the stock of our people to deteriorate biologically.

There is plenty of evidence to show that, as a rule, the children of parents with little education and low income grow up in surroundings which are unfavorable to health, education, and other socially desirable characteristics; while children of parents with medium or higher education and income have most of the opportunities our society has to offer. Undoubtedly, for a large number of families (and generally the large-size families), the meager opportunities for personal development constitute a drag on our cultural advancement. The conclusion, however, that the poor are by nature inferior is not supported by scientific evidence. There is not a shred of evidence to prove that being poor, as such, means that one is *biologically* inferior; or conversely, that being well-to-do means that one is *biologically* superior.

Positive Eugenics. The positive program of the eugenists is to encourage the "fit" to reproduce their kind so that the population of the future will be heavily weighted with them. On this score the biologists are almost silent. We know a great deal about the breeding of certain physical traits in horses, cattle, and plants, but precious little is known about breeding human beings. Assuming that we did know much more, significant problems arise. What traits are to be desired? Who is to be the judge in the selection of these traits? When we ask, "Who are the superiors?" the answer is vague. From epoch to epoch, and from society to society, the traits of the elite have varied. The militarist would want to breed strong obedient men. The teacher would prefer persons of superior mental ability. The churchman would stress the breeding of moral and spiritual traits. Even if it could be decided what traits are desirable, we would still be faced with an impossible task, because these traits are not determined directly or completely by heredity.

Euthenics. Some people regard heredity as a relatively unimportant factor in human development, especially since so little deliberate control can be exercised over the breeding of the human stock in our kind of society. This view does not oppose the notion that the constitutional make-up of some few individuals will predispose them to a life of mediocrity and dependency regardless of their opportunities. The euthenists believe that the health, education, nutrition, housing, family income, and other major social factors in the lives of Americans constitute the quality of our population.[22]

Individuals obviously differ in talent and achievement. A particular individual may have an innate capacity for doing intricate mathematics, but environmental conditions, especially the training he will receive, determine his achievements in the field of mathematics. Various opportunities for individual development should be extended to a larger part of the population. In this way, potential contributions to the common good from many poor persons with talent can be realized. Unequal opportunities represent a tragic waste of latent human resources.

SOCIAL EFFECTS OF POPULATION CHANGES

We have analyzed the numerical and qualitative aspects of population changes. These changes will have numerous and varied effects on our social, economic, and political life. Whether these population changes will raise or lower the efficiency of our society depends, in large part, on how carefully they are taken into account in making plans for the future. We shall turn, now, to a consideration of some of the major social effects, particularly those which might be problems, which arise out of these changes. The problems to be presented are those accompanying an increasing population, a stationary or decreasing population, and population pressure.

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[22] *A Program for National Security,* President's Advisory Commission on Universal Training, U. S. Government Printing Office, Washington, May 29, 1947, pp. 166–171.

An Increasing Population. In this country the ordinary person does not think of an increasing population as being a problem. The idea that population growth is a blessing has become firmly rooted in our thinking. "Bigger" has almost become a synonym for "better."

The Malthusian "Devil." To some people, however, a continued growth in population is looked upon as a tragedy. They picture a race between the numbers of people and the amount of food to sustain them. This view is not new. Thomas Malthus, in the early nineteenth century, believed that the population of modern society was growing at such an alarming rate that the result would be mass starvation and misery. This view was based upon the natural tendency for animals to reproduce their kind more rapidly than nature provides sustenance. Malthus' thesis was that population size is dependent upon biological and geographic factors. Today we know that Malthus was right in his general observation, but that he did not appreciate how cultural factors can modify the effects of biology and nature. Man has learned two things which have forestalled the "day of reckoning." On the one hand, man has learned how to limit or control his numbers, through the knowledge and use of birth control. On the other hand, man has learned how to increase his means of subsistence through the development and application of science and technology to farming. Moreover, we no longer think of the welfare of a population only in terms of the food supply, but also in terms of many other material goods, such as automobiles and refrigerators, which were unknown a century ago. New uses of our natural resources are being found constantly, and storage and transportation facilities make the resources of one area available to other areas.

Population Increase a Blessing. In the history of America, population growth went hand in hand with a rising and relatively high standard of living. Perhaps it is for this reason that many people believe that population growth supplied the basis for a remarkable expansion of wealth. To be sure, the expansion of our numbers stimulated the opening of new frontiers, the use of a host of minerals, the tapping of hitherto unutilized sources of natural power, and the creation of many new industries. Many Americans found their property located along the lines of population advance, or their new businesses catering to a growing market, and they have thus enjoyed the most privileged economic position in the world. Even the wage earners, to some degree, shared these economic benefits in areas serving growing populations.

This line of reasoning, however, gives too little credit for our present well-being to our vast acreage of good farm land, our huge mineral resources, and the ability of our people to use this natural wealth effectively. These factors have not only stimulated population growth, but they have made it possible for our growing population to enjoy a rising level of prosperity.

It is not difficult, considering the over-all picture, to appreciate why an increasing population has been considered a "normal" characteristic of a people. Thus, it appears that population growth in recent times has not been considered a problem. However, in some parts of the world an increasing population may be related to the problem of population pressure. This topic will be considered later.

A Stationary or Decreasing Population. The thought of a stationary or a declining population comes as a surprise or a shock to most Americans. When the day of the census draws near, the population size of a community becomes a matter of local pride. Cities and towns try to outdistance one another in growth, and the probability of merely a small gain in population is viewed as an actual loss. Political boundaries may be widened in order to show a growth in numbers, and census recounts may be demanded.

Most of the writers who view the prospect of a stationary or declining population with foreboding stress the possible economic consequences. They reason that business enterprise, investment, and employment have been based on an increasing number of consumers, a greater use of natural resources, and a rising volume of production. A stationary or declining population, they believe, will harm business, lead to "economic stagnation," and bring about chronic mass unemployment. They also emphasize the fact that the trend toward a stationary or decreasing population is associated with an aging population.

Effects on Business. Those persons who sell goods are unhappy about the prospect of a stationary or contracting population. Relatively speaking, business men have had an easy time of keeping their doors open. With an ever-increasing stream of new customers, profits were more or less assured. An increased volume of sales meant economies in production and the cost of selling goods. Business became geared to an expanding market. With a slowing down of our growth in numbers, the business speculations of the past will become hazardous. Business "mistakes" will not be so easy to cover up as they were in an era of expanding market.

The increase in the proportion and number of older people might affect buying habits. Young adults are the ones who set up the new households, requiring household equipment of all sorts, and producing children who need everything from diapers to college education. The list of things used by children is much larger than the things used by old people; hence, the expected decrease or small increase in the number of children will be felt greatly. The tastes of most people are believed to become more conservative with age. This might affect the styling of many consumer items. Recreational supply companies will shift to a new clientele, and probably would be wise to anticipate a decline in the demand for baseballs and an increase in the demand for golf equipment. Business should flourish in such lines as toupees, canes, and hearing aids.

The age composition and size of our population will not change overnight. As population growth slackens, business can make its adjustments gradually. In fact, business men who sell luxury goods, such as fur coats and diamonds, may not suffer at all from a stationary or smaller population if wages and salaries increase and are more widely distributed. In other words, a decrease of new customers can be offset if old customers are able to increase their purchases sufficiently. Also important, and distinctly favorable to business, is the estimate that the number of families is expected to increase from 40,500,000 in 1949 to about 45,000,000 in 1960.[24]

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[24] P. K. Whelpton *et al.*, *op. cit.*, p. 59.

Families are, for many purposes, the basic consumer units, and their expected increase might provide an expanding market.

Effects on Real Estate and Construction. The rise in real-estate values was virtually caused by our increasing population. One could make a fortune by owning a piece of land which developed later into the central business district or the better residential area. The decline in the rate of population growth and the slackening of city growth will tend to depress urban land values. One reason for this possible decline is that there is a tendency to over-capitalize anticipated future growth. Even rural land values will tend to decline because "the ratio of people to acres plays an important role in setting those values and the rise in the ratio will be retarded."[24]

A rapidly rising population makes it necessary to prepare for the increase by building homes and apartments, putting in new streets, expanding power, light, water, and sewer systems, and enlarging or erecting new factories, stores, and other business construction. In a population which is growing slowly or is contracting, the construction industries may be expected to contract. The increase of real purchasing power of a large number of persons, however, may lead to an expansion of the semi-luxury and luxury industries, which would counteract the reduced importance of the construction industries.

Effects on Employment and Capital Investment. Population changes may be expected to influence the opportunity for employment. The aging population will necessitate basic readjustments in the labor market. It is estimated that the proportion of workers in the working ages, 20–64 years, is likely to increase slightly. The number of youths who will in all likelihood join the labor force at about the age of 18 years is also expected to increase between the years 1951 and 1964.[25] The labor force might also be augmented by the increasing participation of women in the labor market.

In 1945, there were 53 persons in the working ages 45–64 years per 100 persons aged 20–44 years. By 1975, the ratio will probably be between 65 and 69 per 100.[26] How much this rise in the proportion of older workers will lower the over-all efficiency of the labor force is problematic. As the ratio of workers over 45 years of age to those younger rises, it will become increasingly difficult to keep promotion channels to supervisory and management jobs as open as they were when the labor force was growing rapidly.

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[24] *Ibid.*, pp. 66–7.

[25] It is estimated that the number will be 300,000 during the period 1951 to 1958, and more than 800,000 during the period 1958 to 1964. P. K. Whelpton *et al.*, *op. cit.*, p. 57.

In the past, the formation of a relatively large volume of capital was involved in the maintenance of high levels of employment and production. In the last half of the nineteenth century, about 50 per cent of new capital was used to meet the needs of the growing population and the development of new territory.[27] As a consequence, the return on investments was relatively high. With the turn of the new century, opportunities for capital investment in the development of frontier territory disappeared; but an additional 72,000,000 in population (from 1900 to 1948) stimulated the expansion in construction activities, and the creation of new industries, such as the automobile industry, afforded outlets for capital. In previous decades, primarily because of population growth, about one-third of all capital investment was devoted to residence and business construction. With the slowing of population growth an important area for capital investment is being reduced; and consequently, the return on investments has also been declining. On the other hand, if the economic system becomes more stable with a slowly changing population, the risk element in investments may become smaller.

Effects on Government. We have noted that a declining population will mean an increasing proportion of elders. Historically, our nation has been a youthful one. The tradition of population expansion has been accompanied by an attitude of optimism. A reflection of this spirit has been our eagerness to try new inventions of all kinds—technical and social. With the maturation of our population, conservatism and a greater resistance to social change might result.

These changes will have marked effects upon the government. It is probable that by 1975 more than half of the voters will be over 45 years of age. It is probable, also, that the rise in the average

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[26] *Ibid.*, pp. 69–70.

[27] Philip M. Hauser, "Some Economic Implications of the 1940 Population Census Returns," *Social Education*, Vol. 5, December, 1941, p. 578.

age of voters will mean a rise in the average age of public officials. Thus, legislation will likely be more influenced by the desires and attitudes of the old. Furthermore, a growing number of old people may affect our taxation system. Various social security payments will mount in total. If the government becomes a contributor towards old-age insurance, the tax bill of the nation will increase. Older people might even vote themselves larger benefit payments.

Effects on Education. A decline in our population will take place largely by a gradual decrease in the proportion of children. This will mean that the educational burden should ease, unless organized adult education expands. It may be that this shift will make possible a more enlightened attitude towards youth. Possibly, we will be better able to give children and adolescents a richer and fuller development. What changes might appear in the personality make-up of the only child are still not clear, but it seemed probable that there may be a greater tendency towards an unstable personality.

Effects on Cultural Activities.[28] The increase in the population of middle-aged and older persons may mean greater support for the cultural aspects of life. Generally, young adults tend to be busy establishing themselves in an occupation, raising a family, or having a good time. Middle-aged and older persons tend to place more value on leisure and to become more reflective. Once a person has made a secure place for himself economically, there is more chance that he will become a supporter and patron of the arts and the sciences.

Conclusion. The foregoing list of probable effects of slower population growth and an aging population is obviously far from complete. The major purpose of these remarks was to call attention to the types of changes which can be expected. P. K. Whelpton, a well-known student of population, and the Bureau of the Census are inclined to regard the population trend as beneficial to the nation. Their report, often referred to in this chapter, maintains that a change from an increasing to a stationary or declining population provides the material basis for a higher standard of living, if our natural and cultural resources are used wisely to stimulate initiative and cooperative endeavor.[29] At any rate, our people will witness changes in economic, political, and social life, as well as the emergence of new social problems, but also the prospect of more rational planning and the possibilities of orderly progress.

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[28] P. K. Whelpton *et al., op. cit.*, p. 71.

Population Pressure. A frequent explanation given for the aggressive and warlike attitudes of certain nations is population pressure. Population pressure means that people *feel* that a situation exists whereby the economic resources are insufficient to support the population. In the late 1930's, Japan's invasion of China and Germany's annexation of Czechoslovakia and much of Poland were supposed to be caused by needs for living space which only additional lands could satisfy.

Population pressure is not a cause, but is merely an excuse, for conquest and war. If people can be made to feel or think that their insecurities and problems can be solved by geographic expansion, population pressure serves the purpose of justifying war as a necessary instrument for their welfare. At the same time that the government of Germany was clamoring for new territories in order to relieve "overcrowding," it was making every effort to raise the birth rate.

Population pressure must also be viewed in relation to the relative absence of pressure in other areas, especially in neighboring nations. Moreover, people may live in poverty and still not feel that their condition is intolerable, to be remedied only by acquiring new land. Parts of India and China are overcrowded and poor, but the inhabitants in these areas feel that nothing can be done about their situations. Population pressure is not a matter only of population in relation to resources, but also involves the attitudes of people and the standard of living which people want to enjoy.

Societies have tried to counteract population pressure by cutting down the birth rate (by such measures as abortions, late marriage, and celibacy) or increasing the death rate (by infanticide, for example). In urban-industrial societies, birth control limits the number of offspring, and the death rate usually increases as the population matures in age. Population pressure may be relieved also through emigration, technological advance, and trade. Yet, some

[29] *Ibid.*, p. 76.

nations have discouraged emigration, because they believed that numbers would strengthen their military status and their ability to secure new resources.

Some nations regard as unfair the condition whereby their neighbors enjoy more natural resources and a favorable trade. Consequently, nations have expanded their military might so that the unequal distribution of material goods could be changed. Emphasis is placed on numerical might and on the creation of a war economy. In this way the policy of a nation might actually cause a greater degree of population pressure, although the original purpose is to remedy the maladjustment. Recent military experience shows that the idea of large numbers of men as a means of protecting and furthering the welfare of the nation is unrealistic. Wealth, organization, technical skill, and morale are at least as important for world power as mere numerical strength.

Undoubtedly, in such parts of the world as China, India, Japan, Java, and Egypt, overpopulation or population pressure is a factor in mass misery.[30] The United States as a whole, however, is not overpopulated in comparison with other nations. But the pressure of population in relation to the present use of economic resources is already a factor in causing chronic poverty in some agricultural, mining, and forest areas in this country. The natural resources of an area, its population size, location, and technology, may be such that a high level of living is impossible. This economic imbalance may exist because the various parts of the economy are badly adjusted. During the period of dislocation, mass unemployment and severe need may result.

In summary, population pressure is a condition created by the differential natural increase of population in various areas, economic resources of the areas, and conceptions that people form of the standard of living to which they are entitled.

POPULATION POLICIES

All modern nations have a population policy of some kind. These policies, however, may be official or unofficial, general or detailed, clearly stated or vaguely implied; but underlying all of them is the idea of an *optimum* (that is, ideal or "best") size and quality of population. We have noted how an increasing, as contrasted with a stationary population would be evaluated by different interest groups. The problem of determining the quality of the population stirs up even more emotion and dogmatism. The size and quality of a population enter also into the immigration and internal migration policies of nations.

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[30] Warren S. Thompson, *Population and Peace in the Pacific*, University of Chicago Press, Chicago, 1946.

Population Size. The United States has not had any national policy to control birth and death rates. Births and deaths have been conceived as belonging to the forces of fate or to individual choice or fortune. When our population stops growing, pressure might be placed on the government to change this situation. This has already occurred in some of the major nations in Europe. In Germany and in Italy before World War II, for example, the state paid a bonus for each birth, or else loans were offered to a married couple, and with each birth part of the debt was cancelled. In the 1920's, France ordered that the wage of a worker be based in part upon the size of his family. In Sweden, and more recently in England, far-reaching programs of aid to families, as well as measures to improve child welfare, have been adopted, although voluntary parenthood is the principle of national policy.

In the United States, the single person and the childless married couple are penalized in the form of a relatively higher income tax. One well-known population expert proposes that our government encourage births by recognizing motherhood as a vocation and paying the mother a wage.[31] Regardless of what method is chosen to raise the birth rate, such efforts cost money. At that, there seems to be difficulty in attempting to increase the population through an increased birth rate, as experience has shown in Italy and France. It is possible that even without a public policy the birth rate may fall among the poor, but any appreciable increase in the middle-income families will probably cost the public tax money in the form of bonuses or other inducements.

The nation's interest in a low death rate can be seen in the fact that many governmental employees and nearly 2 billion dollars annually are devoted to combating disease and preventing deaths. In view of the fact that the death rate can be expected to rise as our population ages, it is probable that a greater national effort will be made to keep the death rate down. Already the United States Public Health Service is encouraging the shift of medical science attention to the degenerative diseases, which are the highest causes of death among older people.

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[31] Warren S. Thompson, *Population Problems*, McGraw-Hill Book Co., New York, 1942, p. 240.

The United States has a definite policy regarding immigration. This policy is twofold; namely, it limits the number of immigrants, and it is selective as to the type of person who is allowed to enter the country. There is practically no possibility that the selective phase of our immigration policy will be changed. If, in the future, Americans should want to keep their population from declining, they might develop a demand to relax our present restrictive immigration policy. It is easier to increase a population by immigration than by efforts to increase the birth rate or to decrease the death rate. France discovered this fact after World War I when she tried both methods. The effectiveness of any agitation to open our doors again freely to immigrants will depend mainly on the economic condition of the nation.

The United States does not have any definite policy concerning internal migration. The Federal government had an indirect influence on migration during the depression years through its rules for relief eligibility. During the late depression years, in the 1930's, the Federal government had a small-scale program to move families from distress areas to regions of better opportunities; but it is doubtful if any gains were made. Perhaps it will not be necessary to have an official internal migration policy. It can be argued that the measures which will increase production, stimulate investments, and stabilize the economy in general will work to equalize population and resources throughout the nation. Some of the states have had migration policies. California, for example, tried to keep out the "Okies" from the dust-bowl area in the Southwest during the depression. Wisconsin has marked certain depressed areas for depopulation; but it is still too early to say what success will be had.

The example of the compulsory removal of the Japanese on the

Pacific coast to interior relocation centers shows how a national internal migration program can come into being in times of crisis. What is not very clear is how consistent such a program is with the American Bill of Rights.[32] It is well known how cruel and inhuman were the German migration policies which forced millions of its own citizens into ghettos and concentration camps. Many more millions of people in other nations were forced to move as slave labor into Germany or German-dominated areas. The millions of "displaced persons" throughout Europe after World War II attest to the human misery created by internal migration policies.

Quality of Population. The feature of quality in a nation's population policy involves difficult problems and frequently dangerous practices. For many years our immigration laws have been selective, and accordingly we have excluded paupers, criminals, convicts, and the insane. To this list were added idiots, prostitutes, polygamists, and persons with contagious or loathsome diseases. Even tests for literacy and education, as well as wealth qualifications, were included. Undoubtedly some of these restrictions have kept undesirable persons from our shores; but it is doubtful if the latter criteria are in any significant way related to quality. In addition, our immigration policy has favored the immigrants from northwestern Europe. Apparently, it has been assumed that these immigrants are of the desired quality. There is no substantial proof that this assumption is valid.

When we deal with the quality of a population we are on unscientific and dangerous ground. The Nazis marked large numbers of persons as "unfit," who were therefore placed in concentration camps, sterilized, or made guinea pigs in cruel "medical" experiments. The prevention of procreation by persons handicapped by extreme hereditary mental deficiency and disease may be socially desirable, but caution must be exercised. We have much to learn as to who are the "hereditarily unfit." Class interests or racial and religious prejudices may easily influence policy in this field, even in the guise of "science." In a democracy, where the interests and welfare of the individual are paramount values, any proposal for improving the quality of the population should be sifted carefully in the light of sound biological knowledge and of the principles of democratic life.

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[32] Morton M. Grodzins, *Americans Betrayed, Chicago,* University of Chicago Press, 1949.

TERMS TO BE UNDERSTOOD

population
age composition
birth rate
death rate
infant death rate
expectation of life
natural increase
true rate of natural increase
stable age population
immigration
emigration
net reproduction rate
internal migration
selective migration
eugenics
euthenics
population pressure
optimum population

QUESTIONS FOR DISCUSSION

1. What effect will the future trend of our population growth have on the age composition and on the size of our population?
2. Francis Walker, a former head of the Census Bureau, once declared that our present population is no larger than it would have been even if the millions of immigrants (those arriving since 1870) had not come to America. What reason do you suppose he advanced in support of this statement? Do you think he was correct?
3. What are the ways in which population pressure might come into existence? What methods can a nation use to relieve its population pressure?
4. Is an increase of population beneficial or harmful, and under what conditions is it the former or the latter?
5. What is the population trend in your city, your county, or your state? How does this trend affect the problems of dependency, education, public services, and land values?
6. What effect has World War II had (a) on the population of your community, (b) on the population of the United States, and (c) on the population of the world?
7. What does a population policy usually include? Does the United States have, or should the United States have, a population policy?
8. Below are population pyramids, which show age and sex distribution for the United States in 1945 and as forecast for 1975. What are some of the major changes, and the implications of these changes which are shown in the two pyramids? How does the population pyramid of (a) your local community and (b) your state compare to the one for the United States? What do you think the population pyramid of your local community will be like in 1975?

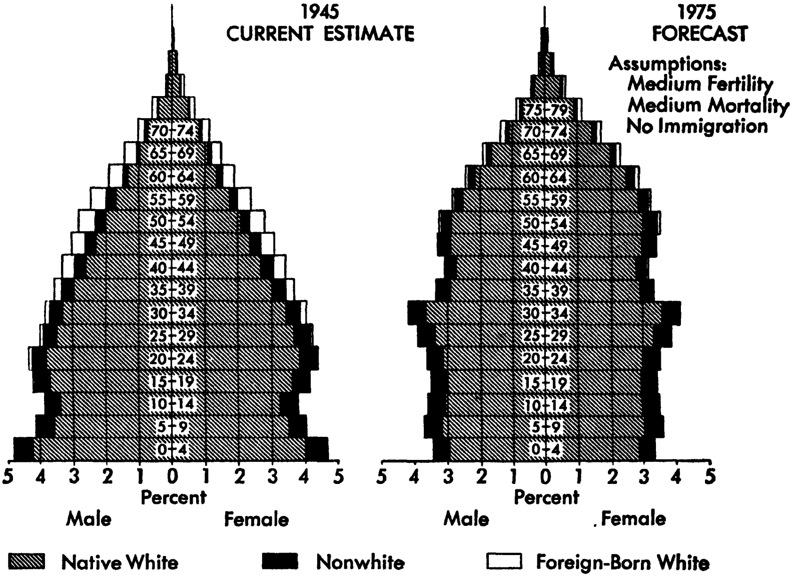

FIG. 8. Estimated population, by color, nativity, and sex for the U. S. (From P. K. Whelpton, *et al*, *op. cit.*, pp. 52–53.)

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Chapter Five

TECHNOLOGY

The way of life of a people and the problems which it encounters are to a large degree determined by the nature of man himself, by the natural resources provided, and by the physical conditions which nature sets. However, men have developed the means for modifying the world of nature. They have created tools and machines with which to make planned and deliberate changes in the landscape. Men exercise conscious controls over the processes and devices by which natural resources are utilized. The technology they have at their disposal is itself one of the basic factors influencing the character of the problems they face and the means for dealing with these problems. Technology has been both an important causal factor and a significant effect of social change.

This chapter seeks to show the development of inventions and technology during the last few centuries and to indicate how these developments were basic to the rise of modern industrialism. The effect of inventions, singly and in groups, on the economic, political, and social systems will be indicated; and the effect of the latter on inventions will also be shown. The concluding section will indicate recent developments in technology and their probable effects, with a brief discussion of how society might prepare itself for these anticipated results.

NATURE AND DEVELOPMENT OF TECHNOLOGY

Kinds of Inventions. To the average individual the term "invention" brings to mind some new mechanical device that has been perfected. To the student of social science, however, this is only partly true, for "invention" refers to *any* combination of existing cultural elements with a new element in the culture, whether mechanical, that is material, or nonmaterial. Thus, workmen's compensation, social security, representative government, the city-manager plan, the Australian ballot, and the junior college are examples of inventions or new elements in society, although they are obviously nonmaterial. There are other inventions which consist of processes of doing things, such as the making of fire, the domestication of animals, and agriculture, all of which have been invaluable to man's progress. We are all familiar with the mechanical inventions of society, such as the wheel, the steam engine, the radio, the telephone, the airplane, the automobile, and countless others which have made our modern, mechanized, industrial economy possible. In order to avoid confusion it has been suggested that the term "social invention" be used to mean any invention that is neither mechanical nor a discovery in natural science.[1] The discovery of a cure for smallpox is a discovery in natural science, yet it is not mechanical. A new technique or procedure in laying out an assembly line is also just as much an invention, and might be just as valuable as a new tool or a new machine to be used in production. Thus it should be clear that inventions can be either material or nonmaterial.

The Origin of Inventions. Most important inventions are usually associated with the name of a single man, the man who finally perfected the idea, or the man who received the patent for the mechanism. Any historical study of invention will show, however, that most inventions are not the discovery of any single individual, but that they represent the labor of many men over a long period of time. The general state of knowledge on any given subject at any one time is known to those interested in that subject, and the specific problems to be solved attract the attention of many scientists in the field. It becomes, therefore, a matter almost of chance who will be the first to perfect the needed invention. Thus, today hundreds of scientists are working on a cure for cancer, and if any one individual is successful in finding a cure, it is more than likely that he will have depended heavily on others in the field for information and "leads" as to possible solutions. Yet, in most cases, the ultimate discoverer is given all credit for finding the proper solution.

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[1] William F. Ogburn and Meyer F. Nimkoff, *Sociology*, Houghton Mifflin Co., Boston, 1940, pp. 859–860.

Fundamentally, inventions are the result of man's attempt to solve the problems which beset him. When organized society first began, and men had to learn how to live with each other harmoniously, many new customs developed to make the organized society a lasting one. Laws came to be devised, methods of communication came to be invented, the family or some other group came to be set up to rear the children, and so on. As new problems arose they had to be met, and if an existing custom or institution could not be used to solve the problem, a new institution eventually arose to solve it. Thus, in our own times, lacking an adequate method of dealing with economic want, we invented or devised legislative means, and public welfare policies, such as social security legislation to help solve this problem. In modern times we have been able to identify the discoverer or inventor of new ways of doing things, but the origins of some of the most important inventions in civilization are shrouded in mystery. This certainly applies to the domestication of animals, the making of fire, the wheel, the wedge, and many other inventions.

Our interest here is primarily with the methods employed to solve man's basic economic needs and desires. Our early ancestors, who moved about from place to place in search of game, soon discovered that by throwing an object at an animal they could subdue it with relative ease. At first, ordinary stones were thrown; but, in time, many hours of hard labor were employed in chipping hard stones into shapes which penetrated the outer skin of a hardy animal, making the kill more certain. The stone arrow thus developed was one of man's most important early inventions, and aided him greatly in solving his food problem. Other stone implements were devised for cutting down trees and carving them into useful utensils and implements.

When man discovered metals and learned how to work them into desired shapes, he was able to devise more complicated tools to aid in his fight against nature for the food, clothing, and shelter he needed. This process has continued unabated until today we are able to satisfy our basic needs with relatively great ease, and are able to produce luxuries and semi-luxuries with which to enrich our lives. It seems that we are able to devise almost any mechanism which is needed in production.

It has often been said that "necessity is the mother of invention," and many people feel that if we need an invention badly enough it will be forthcoming. It is true that in many cases need has been instrumental in causing inventions to occur. When a pressing problem besets a society, the brains of that society concentrate on a solution to that problem, and as a result of this concentrated effort a successful solution in the form of an invention often results. Yet, it should be borne in mind that need by itself will not automatically bring forth the required invention. If the necessary elements of an invention are in existence, need may bring forth the invention. We need a cure for cancer very badly, but thus far none is forthcoming. We could make very effective use of a means of transmitting electrical energy through space without wires, but there are no signs yet of such a discovery, although the authors of our comic strips have invented it in their imaginations. As indicated above, however, by attracting the energies of our scientists, these particular problems may very well yield to newly invented solution.

The Spread of Inventions. The inventions of one group become known to other groups by the process of diffusion. In primitive societies there was very little contact between the various organized groups, so that centuries often elapsed before the discoveries of one became known to the others. In time, as methods of communication improved, inventions spread rapidly from group to group. Today a new invention may become known to the entire civilized world in a few hours by means of modern methods of communication.

War and the subjugation of one people by another have been powerful stimuli to the spread of invention and culture generally. Victorious armies usually plundered the homes of their enemies and thus introduced many new objects to their own people. The native women taken home as captives introduced many new techniques and skills into their captors' culture.

Our modern industrial corporations have made a business of introducing their wares to peoples in every corner of the globe. So widespread are some of these products that travelers are no longer surprised when they see a Singer sewing machine, a Standard Oil can, or a Ford car in some of the most inaccessible spots on the earth.

Some groups make a definite practice of sending their better students to the more industrially advanced nations so that they may learn, and bring back to the mother country, new ways of production and other new discoveries. The Chinese and Japanese have sent thousands of their students to Western industrialized nations; and, as a result of this training, these students have been able to help modernize the backward economic systems of their home lands. The transformation of the Japanese economy during the forty years before World War II represented a remarkable achievement in this respect.

The sending of missionaries and other agents to so-called backward regions has been another important means of spreading inventions. The explorations of the fourteenth and later centuries resulted in a tremendous interchange of inventions between the East and the West. The American culture represents, in large part, the accumulation of traits that have had their origin in all corners of the globe.

Many attempts have been made in the past to prevent the spread of inventions so that their benefits could be retained by a particular country. England forbade the exportation of any of her textile machinery in the eighteenth and nineteenth centuries because she was anxious to retain for herself the leadership in the production of textiles and to prevent competition from arising. In other cases, the inventions of more industrially advanced nations, although available to less advanced nations, were not used—either because of the absence of recognized need or because of inability to use them. Countries which hold fast to tradition cling tenaciously to their old ways of doing things, and are very slow to adopt the inventions of other nations.

Conditions Favorable to Invention. Inventions have occurred in all civilized groups and in all ages, yet the rate of invention has varied greatly from time to time and from place to place. In explaining this variation, several factors must be taken into account.

In the first place, the physical requirements for invention must be available before it can take place. It is no accident that the countries which had adequate supplies of coal and iron were the first to discover the uses to which these could be put. This fact explains in large measure why England became the first industrialized nation in the world. Today it is the nations with scientific laboratory equipment which are producing the important inventions.

The general prevailing attitude toward innovation is another important consideration. During the Dark Ages anyone who disputed existing teachings was declared to be a heretic and was summarily punished. It was not safe for one to claim that existing knowledge was wrong, or to show his new discovery and invention to a world that feared innovation and change. The transformation of Europe to a position of dominance in world affairs dates back to the change in attitude toward man's natural and social environment. Instead of accepting the existing order as it was and being satisfied with a static position in society, thinking men in Europe believed that they could use, and were determined to use, discovery and invention to change the existing environment, adapting it to the fulfillment of new wants and plans.

TABLE IV shows the great rate of increase in the number of inventions in the United States and other countries. It will be seen that in the fifteenth, sixteenth, and seventeenth centuries the number of discoveries was rather small, because this period still suffered from the effects of the retardation of scientific progress during the Dark Ages. With the growth in freedom of thought and expression and the acceptance of scientific discoveries and mechanical inventions, the way was opened for greater progress along these lines.

The Cumulative Character of Inventions. TABLE IV, also shows the cumulative effect of inventions. The more inventions there are, the more inventions become possible, because there is so much more "raw material" to work with. A single important invention opens up an avenue for countless other inventions to follow. All of our complex machines today are the result of the accumulation and combination of many simpler machines and inventions. As far back as 1857 it was possible to state that "the present spinning machinery is a compound of about 800 inventions."[2]

TABLE IV

THE GROWTH OF PATENTS AND INVENTIONS IN THE UNITED STATES AND OTHER COUNTRIES

Patents Issued in the United States, 1840–1931 by Five-Year Periods		*Inventions Reported by Darmstaedter, for 1450–1899, by Twenty-five Year Periods*	
5 Years Ending—	*Number of Patents*	*25 Years Ending—*	*Number of Inventions*
1845	2,425	1474	39
1850	3,517	1499	50
1855	6,143	1524	84
1860	16,997	1549	102
1865	20,779	1574	109
1870	58,833	1599	127
1875	61,024	1624	135
1880	64,496	1649	129
1885	97,357	1674	237
1890	110,493	1699	218
1895	108,456	1724	180
1900	112,325	1749	281
1905	143,791	1774	410
1910	171,560	1779	680
1915	186,241	1824	1,034
1920	197,644	1849	1,885
1925	203,977	1874	2,468
1930	219,384	1899	2,880

Adapted from Research Committee on Social Trends, *Recent Social Trends in the United States*, p. 126.

Note: Patents and inventions are not identical. Many inventions are not patented. Many patents concern such small improvements that they may not be called inventions. It is difficult to draw the line between inventions and technical improvements or adaptations. A single major invention, such as the automobile, may combine hundreds of patents, while the invention itself may not be patented. *Ibid.*, p. 123, note.

The automobile today is taken for granted because it is so commonplace, yet it represents the result of a large accumulation of different inventions. If Goodyear had not accidentally discovered how to make rubber, high-speed travel on roads would not be possible. Comfortable travel would not be possible without pneumatic tires, springs, and shock absorbers. Inexpensive travel would not be possible without cheap gasoline, which originally was a by-product of kerosene. The automobile itself, in its present form, depended upon the invention of the gasoline motor. Methods of transferring power from the engine to the wheels had to be discovered. Methods of braking, such as the hydraulic brake, had to be perfected to permit safe driving at high speeds. Safety glass came eventually, as did the all-steel top and body. Recently, soy beans have been converted into durable plastics which do not deteriorate in grease and oil, and which are used extensively in making automobile parts. The self-starter represented a great advance and made driving more popular with women. Along with these inventions, which are to be found on any automobile today, there are countless others which have come along with the automobile and have made travel safe and fast. Among these are well-built, hard-surfaced roads, traffic lights, clover-leaf approaches to roads, and many other related innovations.

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[2] Stuart Chase, *Men and Machines*, The Macmillan Co., New York, 1937, pp. 72–3.

The cumulative process of invention is well illustrated in the development of the Industrial Revolution. A new invention in one field led to discovery in other related fields, as well as to improvements in the original invention. The series of clothing inventions in England in the eighteenth century is a case in point. When the steam engine was added as motive power to the rapidly improving textile machinery, the Industrial Revolution in England began in earnest. Cotton machinery was modified to make it useful in wool production, and soon a virtual stream of fabrics was flowing from the English factories. The increased efficiency in the production of fabrics as a result of these technological improvements so reduced costs and prices and so stimulated new demand that the market for the raw materials increased tremendously.

Capitalism and Modern Technology. These developments naturally gave England an advantage over her competitors, enabling her to go through the mechanization of the Industrial Revolution so much sooner than other countries as to win her an initial advantage that kept her in front for many years. The developments in England spread to other nations; and, beginning in the early nineteenth century, the United States experienced its first real start in industrial development. In comparing the growth of the United States with that of England, Bogart wrote that there were no vested interests in the United States, either of fixed capital or of painfully acquired skills, to resist inventions and new machinery. Instead of the frame-breaking riots that accompanied Arkwright's introduction of his machines in England, we had the situation of the cotton planters of the South stealing Whitney's ginning machine so they could use it more quickly.[3] The increase in the demand for cotton so stimulated production that slavery was given a new lease on life and entrenched itself in Southern agriculture. In tracing the derivative effects of technology, one is tempted to ask whether the Civil War would ever have occurred if certain mechanical contraptions had not been invented.

The conditions for industrialization in the United States were especially favorable. The products of the new manufactures were quickly absorbed by the expanding domestic market. The new inventions were hard put to provide the products which were needed, for the existence of free or cheap land in the West created a scarcity of labor. The labor supply affected the course of technological advances, and, as Lederer comments, "it is certain that the dynamics of capitalist economy is bound up intimately with modern technology. As a result of the shift of all heavy work as well as a large share of the finishing work to machines driven by natural power, the curve of production was able to rise sharply above the curve of population increase, and great individual and social wealth, characteristic of capitalism, was made possible."[4]

The machinery that was designed in the United States was made to fit the character of the laboring population. The laborers that went to work in the factories were largely unskilled, many of them being newly arrived immigrants who concentrated in the rapidly expanding industrial towns. Important use was also made of young women from rural areas, who congregated in the factory towns of New England and provided a rich source of unskilled labor that could operate the machines designated especially for the unskilled.

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[3] E. L. Bogart, *Economic History of the American People,* Longmans Green and Co., New York, 1936, p. 439.

[4] Emil Lederer, "Technology," *Encyclopaedia of the Social Sciences,* Vol. XIV, p. 553.

Perhaps the outstanding achievement of Yankee ingenuity was the creation of machines that made standard interchangeable parts which could, with a minimum of hand labor, readily be assembled into the finished product. The modern assembly line in our great automobile factories represents the extension of this principle to a high degree of refinement. It seems that our superior development of this standardization process is largely responsible for our present dominance in manufacturing.

The principle of standard interchangeable parts was not discovered in this country, priority in this respect belonging to England; but our engineers carried it to perfection. Eli Whitney made an early use of it when he was called upon to increase the production of arms to aid this country in the War of 1812. The standardization process was further stimulated during the Civil War, when the Union government needed large supplies of war clothes. The newly perfected sewing machine was produced on a large scale and permitted the development of large-scale production methods in the making of soldiers' uniforms. Probably the most spectacular triumph of the standardization process was the production of an efficient timepiece costing a dollar.

This principle was also important in the rapid mechanization of American agriculture. Farmers who were hundreds of thousands of miles away from the producers of their implements were not apt to buy tools and equipment which required sending back to the factory for repairs, or which required the services of a high-wage engineer or mechanic to assemble or repair them. The implements were usually shipped in parts, and, with a set of directions, the average farmer could assemble the parts into a workable implement. In case of a breakdown, the farmer simply wrote to the factory for a replacement of the particular defective part, so that he could easily repair the tool himself.

It is a principle of production that large-scale production is not economically practicable unless a large body of standard products can be marketed. It does not pay to devise a machine which performs only one task on a complicated product unless that machine can be operated continuously in the performance of the same repetitive task. In order thus to employ machines a large market must exist; and it was the existence of the large and rapidly growing domestic market that made it profitable to devise and employ such machines.

It is obvious that the task of financing an enterprise of such size is usually greater than can be assumed by a single individual, so it became necessary for groups of individuals to act together to make such large-scale enterprise workable. To make this possible, certain developments had to take place in the economic and political spheres, and these developments emphasize the point made earlier, that other conditions must be favorable before technological progress can take place. The favorable political developments in this country were the establishment of general incorporation laws, permitting the easy and inexpensive chartering of new corporations, and a laissez-faire policy of government, imposing few restrictions on business activity. In addition, manufacturing was deliberately encouraged by a tariff policy which kept out the competing products of other countries.

The favorable developments in the economic sphere were the perfection of the corporate form of business organization, which permitted the concentration of the savings of many individuals into one business unit, and the introduction of new types of securities that appealed to various classes of investors. The further growth of American business and industry into the mammoth business units we know today was made possible by refinements and extensions of the corporate form into the trust, interlocking directorate, and the holding company. Thus, it is clear that there is a mutual interaction between technology and other social developments, with technological changes being sometimes a causal factor and sometimes an effect of other social changes.

SOCIAL EFFECTS OF TECHNOLOGY

Invention and Production. The direct purpose of technological inventions is generally to improve production. That such has been the result in the United States has been demonstrated amply by the tremendous increase in the output of all kinds of products. In the manufacture of agricultural products truly remarkable progress has been made. As far back as 1860, the crude implements devised for agriculture had marked a great improvement over former methods of production.

> The saving effected by the use of these improved implements was estimated in the census of 1860 as equal to more than one-half the former cost of working. "By the improved plow, labor equivalent to that of one horse in three is saved. By means of drills two bushels of seed will go as far as three bushels scattered broadcast, while the yield is increased six to eight bushels per acre; the plants come up in rows and may be tended by horse hoes, . . . The reaping machine is a saving of more than one-third the labor when it cuts and rakes. . . . The threshing machine is a saving of two-thirds on the old hand flail mode. . . . The saving in the labor of handling hay in the field and barn by means of horse rakes and horse hayforks is equal to one-half."

The entire labor force of the United States in 1860 would probably have been insufficient to harvest in season the crops of that year by the methods of a generation previous.[5]

As remarkable as this improvement was, it has been dwarfed by the developments since 1860. There have been improvements in metals that resulted in stronger implements. More and more processes were added to the individual machine. Steam power and, later, gasoline engines were added as motive power to operate the machines. There were improvements in seeds, in fertilizers, and in methods of cultivation. It was estimated in 1880 that over 10,000 patents had been granted in this country for implements and machines connected directly with the cultivation, harvesting, and handling of grain alone.[6] A man operating the most recent combine and tractor in 1922 could cut, bind, thresh, and sack the wheat from forty acres, thus performing the work that not long before required the efforts of about fifty men.

Remarkable progress was made in manufacturing industries generally, and significant improvements were made in mining and other extractive industries. Almost unbelievable gains were regis-

[5] Bogart, *op. cit.*, pp. 304–305. [6] *Ibid.*, pp. 497–8.

tered in the transportation industries, which even by 1860 had shown marked improvement over conditions of 1800. TABLE V indicates the substantial improvement in labor productivity, which measures largely technological progress between 1909 and 1939 in manufacturing, mining, and steam railroads.

It is important to note the substantial increase in labor productivity between 1932 and 1939. Herein lies in part an explanation of the failure of the economic system to absorb the millions of unemployed workers while substantial improvement in the production of goods and services was being achieved. Increases in productivity per man-hour during the period 1939–1945 were probably great. They are difficult to measure because of violent price changes, great increases in the hours worked per day and per week, the inclusion of millions of new workers in the labor force, and other reasons. It has been carefully estimated, however, that productivity per man-hour should increase by about one-sixth between 1940 and 1950 and by about one-third between 1940 and 1960.[7]

TABLE V

CHANGES IN PRODUCTIVITY IN MANUFACTURING, MINING, AND STEAM RAILROADS, 1909–1939

Indexes of Labor Productivity (Average 1923–1925 = 100.0)

Output per Man-Hour	*1909*	*1919*	*1923*	*1929*	*1932*	*1939*
Manufacturing	62.3	71.9	94.1	124.1	129.6	164.2
Bituminous coal mining	69.5	85.1	99.2	107.2	115.0	141.0
Anthracite mining	84.8	100.0	103.5	99.8	119.0	178.6
Steam railroads	75.4	85.4	96.4	113.9	111.9	149.3

Adapted from Table I, p. 4, "Wages, Hours, and Productivity of Industrial Labor, 1909 to 1939," reprint from the *Monthly Labor Review*, Bureau of Labor Statistics, U. S. Dept. of Labor, September, 1940.

To show in detail for all industries and occupations what effect technology has had on production would require several volumes. It is sufficient for our present purpose to know that great increases in production have been made in all fields of endeavor. The increases have permitted the absorption of millions of immigrants and the raising of the general standard of living to the highest level anywhere in the world. Technology has given us the greatest variety of products in the greatest quantity yet achieved, and if it is allowed to continue, will probably bring forth even greater varieties and quantities. In almost all of the material things in life, this country has by far much more than its proportionate share.

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[7] J. Frederic Dewhurst and Associates, *America's Needs and Resources*, The Twentieth Century Fund, 1947, p. 74.

Invention and Rural Life. It is relatively easy to determine directly what the tangible results of technology have been. We have this information in volumes of statistics on production. There are other results of technology, however, that are no less important than the physical production, but which are more difficult to discern and analyze. Modern science and invention have not only revolutionized our methods of production, but have also helped cause a revolution in society as a whole. Rural life in all of its aspects has felt the effects of this change.

Whereas in 1800 the great majority of the population lived on farms, where they were needed to produce food, in 1945 barely one-sixth of the population was needed to feed the entire United States and to enable enormous exports to our allies. The rural areas have also felt the effects of other technological advances besides those in agriculture. They have been affected by the railroad and automobile, the telephone and radio, the moving picture, and electricity and electrical appliances of every description. The farmers' schools have followed developments elsewhere, and practically all major innovations have affected, to some degree, the way of life in rural areas.

The net effect of the impact of this great variety of technological innovations upon rural life has been to break down barriers between rural and city life. The elements of the culture are available to all groups in society, because modern communication brings them to all parts of the country. The rural dwellers hear the same language, they see the same moving pictures, they hear the same music, they read the same newspapers, they are taught the same basic facts in their schools; in effect, they are subject to the same influences that play upon the city dwellers. All this does not imply that there are no differences between city and rural life; differences still exist, but they are less important today than they were in the past.

Technology has played havoc with the economic condition of the rural areas. The general country store is faced with mail-order competition and the competition of the chain stores, whose products are made available to rural dwellers by means of good roads and the automobile. Cheap and efficient transport has also brought world competition to the farmer's door. As a result, he is closely affected by conditions all over the world. In recent years the American farmer has found that these inescapable world conditions have often worked largely to his detriment.

Invention and Urban Life. The modern city is, in large measure, the product of technology. Technology made it possible for a smaller proportion of the population to remain on the farms to feed the total population, thereby releasing the surplus to the cities. Technology made possible the development of factories and industries which provided greatly expanded means of livelihood to the city dwellers. Transportation and communication inventions made possible the interchange of products between the city and the farm and among all sections of the country, thereby permitting a higher degree of specialization and division of labor, with resultant increases in production. Technology made possible the great concentration of people in small areas by providing easy movement between home and work; it provided a healthful and plentiful supply of water; it provided electricity and gas for lighting, heating, and cooking; it provided sanitation and storage facilities. In fact, it provided all of the physical necessities of city life.

Before the advent of steam and electric power, industries, and with them the towns, grew up and developed along the "fall line," that is, where there was a sharp drop in the level of the water in rivers or streams which permitted the harnessing of water power. Thus, the early industrial towns of England were located along streams and rivers. The same was true of the towns in New England in which manufacturing first developed in this country. A glance at a map of the South Atlantic states shows clearly a large number of towns and cities at the fall line, where the rivers originating in the Appalachian Mountains fall fast enough to generate water power.

When steam and electrical power were introduced, they freed industry from the river locations, enabling industry to move to more favorable economic locations, either closer to the source of raw materials or closer to the consuming market. If modern technology devises a means of transporting electrical energy over long distances without serious loss of energy, there may occur a new relocation of industry, away from the sources of power and into the rural and village areas, where an abundant supply of labor is available. This might be a causative factor in a movement of population away from the cities, and might relieve the congestion, thereby possibly wielding an ameliorative influence upon some of the problems of city life, such as slums, crime, and disease.

Technology by itself, however, is a neutral factor. It cannot be blamed for the problems and evils mentioned above. The source of these evils lies rather in man's inability or unwillingness to use technology in such ways as to bring out its maximum benefits and hold to a minimum its undesirable consequences. The machine is subject to man's guidance and direction; and if hardship and privation result from the use of machines, it is because of man's failings, and not because of deficiencies in the machines. Those of us who directly feel the adverse effects of technology are apt to blame it for our difficulties. This explains the wrecking of machinery and the demand that a moratorium be placed on invention. It seems reasonable, however, to continue to use technology wherever it can benefit mankind by easing its physical burdens; it should be up to society to see to it that the individuals in it will share equitably in the benefits to be derived from such continued use.

Invention and the Family. The character of the family has changed greatly as a result of the impact of technological change. We no longer see the father as the head of a large family of ten or twelve. The average family of today comprises less than four people. Among the factors responsible for this are contraceptives—which permit the control of the size of the family—and economic pressure. The cumulative effect of these factors has been a marked decline in the rate of growth of our population, with serious implications for the future of the economic system.

Instead of marrying at the age of sixteen to eighteen, as was customary in early America, the average couple waits until the middle twenties for marriage, because the complexity of modern science and industry requires a long training period before the individual is able to assume the economic burdens of marriage.

The burden of housework has been greatly reduced by modern science and technology. With smaller families to rear, with smaller homes and apartments to keep in order, and with less exhausting work required because of her mechanical aids, the modern housewife finds time to join clubs and play bridge, oftentimes to the detriment of family stability. She finds time to engage in political activities, with consequent effects on the national political scene. She finds time to read and to listen to radio education and entertainment, thereby deriving advantages denied her mother and grandmother.

In former decades the family was the center of education and recreation, but it is losing its hold. Modern city life and technology provide large public schools for education. Technology has also provided recreation outside the home. Every ten days the numerical equivalent of the entire population goes to see a movie. The automobile takes young men and women away from home for other types of recreation and for courting purposes, thereby displacing the parlor of a generation ago. However, while technology has weakened the position of the home as a recreational center, it has also increased its strength in this connection in recent years. The radio keeps the family at home more and more, and when domestic television becomes more available, the home is likely to improve further as the center of family recreation.

Of outstanding effect on family life has been the economic liberation of women brought about by technology and by appropriate changes in attitudes, customs, and mores. Technology has made it possible to produce the needed goods of society with fewer and fewer workers, but the size of modern industry and the complexity of modern business and commerce require a large number of people in clerical and office occupations. The availability of these positions, plus mechanical inventions such as the typewriter and the adding machine, have provided an opportunity for women to enter business and to earn their own livelihood. As prejudice disappears, women fill more and more jobs, until today they are to be found in almost every type of vocation except those which are extremely dangerous or which require high physical stamina.

The expanded use of machinery has had an important influence on the place of children in our economy. At a time when much of the work of the country was done by human muscle, a child could earn his way at a very tender age. By working beside his parents or by accepting gainful employment elsewhere, he became an economic asset to the family. With the advance of technology, the demand for child labor decreased, formal schooling came to occupy the years that had been devoted to immediately productive labor, and children became economic liabilities rather than assets. A decline in the size of the average American family was thereby encouraged.

The implications of these changes in the family are numerous and important. Marriage is easier to terminate if the wife has a profession to which she can turn for self-support. On the other hand, young people are able to marry sooner if both husband and wife are working; hence, many marriages have been started on this basis. The weakness of this arrangement, insofar as the family is concerned, is that once the family adjusts itself to a scale of living made possible by two incomes, it may not be willing to sacrifice one of the incomes and take on the added economic burden of rearing children. This situation undoubtedly helps to explain why so many marriages today are childless. Some people are prone to blame technology for this situation; but, again, the ultimate decision as to what will be done lies with people rather than with technological factors.

Invention and Government. The National Resources Committee, in its report on *Technological Trends and National Policy,* points out that inventions have impinged upon government in a variety of ways. In some industries an effect of invention has been to encourage monopolistic corporations dealing in services which cater to large numbers of consumers. Hence, governments took on regulatory functions, as in the case of public utilities. Taxation measures shifted from general property and excises on consumption goods to taxes on personal and corporate incomes and on inheritances. In many other ways government was forced to extend its functions, as in the case of interstate commerce, wherein the Federal government now exercises extensive power.[8] As technology expanded the area of profitable trade, local and state agencies were unable to keep up in their regulatory activities, so that the almost inevitable trend has been toward the concentration of regulatory functions in the Federal government.

Radio has had an important influence on government. The conduct of political campaigns, the kinds and length of campaign speeches, and the type of candidate presented to the electorate, have been altered as a result of radio. A good radio voice seems to be a necessity for high success in politics today. Perhaps it is no accident that the first national political convention to be extensively "televised" resulted in the selection of a handsome pair of candidates.

In most countries the means of mass communication are operated by the government, which strictly controls the information made available to the public. In the United States we have permitted radio and television to be operated as private enterprises, but have exercised some measure of control through the Federal Communications Commission. There is no governmental censorship of programs, but the typical broadcasting station is so sensitive to possible criticism that it seldom allows controversial issues to be discussed. The government has very great potential power in requiring stations and networks to conduct themselves in the public interest, since the FCC allocates wave lengths, rules upon increases in power, and grants renewals of licenses.

Invention and the Economic System. Ware and Means point out that technology has been a driving force determining the shape of modern industry.[9] The development of technology has required large industrial units and business organizations, for the small shop of the old economy obviously could not use the modern techniques for making steel or automobiles, or for providing telephone or railroad service. These new techniques call for many people working together, each doing only a small part of the whole process.

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[8] National Resources Committee, *Technological Trends and National Policy*, Government Printing Office, D. C., 1937, pp. 9–10.

[9] Caroline F. Ware and Gardiner C. Means, *The Modern Economy in Action*, Harcourt, Brace and Co., Inc., New York, 1936, p. 11.

This loss of personal contact between the employer and the employee and the concentration of economic power in the hands of management has led to many of our major economic problems, which have stimulated various social inventions designed to offset the uneven economic powers and to correct the maladjustments. Labor unions, the strike, the boycott, workmen's compensation, unemployment insurance, and other similar developments have come into being as a result of the effects of technological change.

The general problem of social security, which has become so important in recent years, can be related to a number of inventions. The insecurity of so many of our aged can be traced to inventions which made possible a smaller proportion of children in the total population; to urban factories and farm machinery, which increased the population of cities; to transportation inventions, which make it easier for young sons and daughters to leave their parents; and to machines for the tending of which employers prefer young people to old ones.

The problem of technological unemployment, which will be discussed in more detail in the chapters dealing with labor problems, has been especially serious in recent years; and workers are inclined to oppose the introduction of new machines which will tend to cause further loss of jobs. Technological unemployment, plus the unemployment which is so widespread during depressions—which seem to last longer and occur more frequently in technologically advanced economies—constitute a very serious challenge to the economic system in which private capital predominates.

The insecurity of the sick results in part from the high cost of medical service, traceable to the development of science in medicine, which gives rise to expensive specialists and to the costly medical equipment required by the modern doctor. The high cost of such equipment requires that doctors charge high prices to pay interest on their investments and induces them to associate themselves in groups. The modern problem of workmen's compensation can be traced directly to "whirling steel," which greatly multiplied occupational hazards.[10]

Some aspects of modern technology constitute a threat to the economic well-being of entire nations, especially those which depend for their livelihood on the export of basic raw materials. The development of the nylon thread offered a serious threat to the silk industry of Japan, since silk was one of her most important export products. Rayon constitutes a threat to the cotton industry, in which the Industrial Revolution had its start. The perfection of artificial rubber offers a threat to the countries producing natural rubber. Many other synthetic products may at any moment destroy the economic security of large producing areas somewhere in the world.

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[10] National Resources Committee, *op cit.*, p. 8.

Enough has been said to show that the effects of technological change may be felt in every sphere of human activity. Sometimes the effects are immediate and direct; sometimes they are remote and indirect. A single important invention, such as the radio, may directly influence many social institutions, and may give rise to other social and mechanical inventions. More frequently, we find a series of inventions impinging upon a social situation, and the influence of the group of inventions is enough to cause great social change. It may be well to repeat again, however, that in the main the consequences of these changes might be subject to human control if enough were known about them. The solution seems to lie not in destroying invention but in making it more amenable to human control.

SOME PROBLEMS OF TECHNOLOGY

Lags and Resistances in the Exploitation of Invention. In view of the widespread effects of technological innovations, it is natural to expect opposition to their introduction, especially from those who will be adversely affected. The conservatism of organized groups has been an important factor in delaying the introduction of invention. Moreover, there are certain aspects of the process of invention which lead to delay.

The most important cultural factors that resist technological change are economic. Those people who occupy favorable trading positions strenuously oppose the introduction of inventions that might threaten their advantage. This fact seems to account for much of the purchase and suppression of inventions by large industries. The sheer cost of introducing some of the innovations is prohibitive;

while the loss incurred by the scrapping of machinery that is not physically worn out is more than most industries can afford. The cost of converting the Ford plant from the production of the Model T to the Model A is said to have been about $100,000,000.

Laboring groups, which are the first to feel the direct impact of technological change in the form of the destruction of their skills and the loss of their jobs, have always resisted innovation. In earlier days they destroyed the machinery; today they demand that the changes be introduced gradually, with a minimum of dislocations, and that they share in the benefits to be derived in the form of higher wages and fewer hours of work.

Certain political factors also cause delay. The slowness of the patenting process, in which care must be taken to see that duplicate patents are not issued, is well known. Judicial decisions have tended in some cases to suppress inventions or to postpone for a long time their introduction. The system of issuing "perpetual" franchises to public ultility industries leads to the establishment of monopolies, so that it is sometimes virtually impossible to force modernization. Recent studies of electric utilities and railroad corporations have disclosed the current use of equipment that has been technologically obsolete for years. The general public suffers from this in poor service and high prices. Higher prices might have to be paid, for a time at least, if the public were to pay the high cost of obsolescence. This is illustrated by the building in 1894 of a 10,000 horsepower steam engine to run the New York subways. Physically, the engine could have lasted 100 years, but within three years after its completion it was reduced to the value of scrap iron by the perfection of the turbine. The same work could be done with an engine one-tenth the size of the original and using far less coal.[11]

There are many delays between the securing of a patent and the perfection of the machine to a point where its use will be so widespread as to be of consequence. There are many technical problems of production which require years of work before large-scale production is possible. It may be difficult to find a backer to finance the exploitation of the product. A competing product may get to the

[11] Stuart Chase, *Men and Machines*, The Macmillan Co., New York, 1937, pp. 72–3.

market earlier. Or it may take a long educational process before the public can be sold on the new product. These and other causes of delay in the exploitation of inventions account for the fact that on the average it takes about thirty-three years for an invention to go from the patent stage to a point where it will exert an important influence on social life.[12]

The Stimulation of Invention. Despite the current demand sometimes heard that invention be discouraged or completely halted, invention has been stimulated in the past, and is being stimulated today. One of the most important encouragements is the granting of protection to the inventor, by patent or other exclusive privilege, so that he may exploit his invention and make some money out of it. Before the days of patent laws, it was agreed by rulers that inventors should be rewarded by some gift from the state or from some organization set up to encourage invention. Kings and parliaments protected inventors by the granting of monopoly rights, or gave rewards of cash, and such bodies as the Society for the Encouragement of Arts, Manufactures, and Commerce, established in London in 1756, offered premiums, medals, and prizes.[13]

Even in early America, despite the dislike of monopoly privilege against which the colonists had rebelled, it was recognized that invention must be encouraged and promoted. As a result, one of the provisions of the Constitution established the patent system "to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries." Under this patent system there has resulted a multitude of inventions, as evidenced by the fact that the Patent Office has issued over 50,000 patents in a single year. Great material rewards and social recognition have been given to successful American inventors. The names of Bell, Ford, Westinghouse, and Edison, for example, not only are household words, but their bearers are venerated as national heroes.

Colleges and universities and research foundations provide the facilities and the money for research activities which result in many discoveries yearly. Some of our most important research appears to take place in our large industrial concerns, which spend millions annually to sustain their research laboratories. Between 1927 and 1938, the number of organizations reporting research laboratories had grown from about 900 to more than 1,700, providing employment for about 50,000 workers.[14] With tremendous sums of money invested in their plants, it is almost a necessity for these organizations to conduct research which will enable them to retain their positions of dominance in their respective fields.

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[12] S. C. Gilfillan, *The Sociology of Invention*, Follett Publishing Company, Chicago, 1935.

[13] Herbert Heaton, "Industrial Revolution," *Encyclopaedia of the Social Sciences*, VIII, p. 6.

During World War II, the pace of research activities was enormously stepped up. A Presidential order had created the Office of Scientific Research and Development in June, 1941. Toward the end of the war, OSRD was making expenditures at the rate of $175,000,000 a year. It operated entirely by contracts with existing academic institutions, industrial organizations, and government agencies. Approximately 315 industrial laboratories and 150 colleges and universities were engaged in work on OSRD projects.[15] In addition to the projects under the control of this agency, the National Advisory Committee for Aeronautics, the National Inventors Council, the WPB Office of Production Research, and the Roster of Scientific and Specialized Personnel should be mentioned. The technical and engineering brains of the nation were successfully mobilized for the prosecution of the war.

Predicting New Inventions. In view of the widespread shifts and dislocations brought about by technological change, it would seem that the necessary adjustments to these upsets could be made with less serious repercussions than at present if there were some means of predicting these inventions and of analyzing their probable influence on various segments of the social system. It was with this general purpose in mind that the National Resources Committee established the Subcommittee on Technology. The report of this committee is the volume entitled *Technological Trends and National Policy.*

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[14] Work Projects Administration, National Research Project, *Industrial Research and Changing Technology*, Philadelphia, Jan., 1940, p. 40.

[15] Vannevar Bush, *Endless Horizons*, Public Affairs Press, Washington, D. C., 1946, pp. 111–124.

There is as yet no scientific method of predicting inventions; nevertheless, much can be done in this connection once the trend of invention is ascertained. Even after an important invention has been perfected, there is usually sufficient time to analyze its probable effects on society (which is the chief purpose in predicting inventions), because it takes many years for such an invention to became commercially successful.[16]

The second basic reason why inventions can be predicted is that they have causes. They are not just accidents, nor the inscrutable products of sporadic genius, but have abundant and clear causes in prior scientific and technological development, and they have social causes and retarding factors, both new and constant, of changed needs and opportunities, growth of technical education, of buying power, of capital, patent and commercial systems, corporation laboratories, and what not.[17]

Although need by itself will not result in invention, it often happens that the need of a solution to a particular problem results in the concentration of research actvitity on that problem, and such concentration certainly raises the chances that the needed discovery will take place. Hence, by learning on what problems research activity is being concentrated, one may be able to make an intelligent guess as to the probable inventions of the future.

Because of the rapidity of change in society, it is not wise to try to predict too far into the future. It is impossible at any time to anticipate the direction of technological advances thirty or forty years hence; nor is our chief concern with the problems of that future date. Our chief concern is with the developments five to twenty years from now. In view of the time element involved in making an invention a commercial success, the problem of predicting social change for the immediate future (five to twenty years) resolves itself into trying to discover which of the now known inventions will exert the greatest social influence at the future date. Of the inventions that are now in the early stages of commercialization, which will be the most significant, and how will they be likely to affect society? That is our problem, and the concluding section of this chapter will indicate what the experts in this field have predicted. In the meantime, some consideration will be given to the problem of controlling inventions in the best interests of society.

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[16] National Resources Committee, *Technological Trends and National Policy*, p. 18. This section is taken largely from Sec. II of this volume. The author of Sec. II is S. C. Gilfillan, who has done much work in this field.

[17] *Ibid.*, p. 19.

The Control of Inventions. It is being recognized, more and more, that some control must be exerted over invention if the best interests of society are to be served. It goes almost without saying that society should derive all possible benefits from its technological discoveries. But, when the exploitation of these discoveries is left in private hands, with no restrictions imposed, there occur many serious dislocations which, by proper control, might either be avoided entirely or greatly diminished in intensity. The owner of a patent usually wants to "cash in" on it while he can, and he is not much concerned with the effect of his activities on the lives and welfare of others.

Many groups and organizations have worked, on a cooperative basis, for the maximum exploitation of related inventions so that both they and society might benefit. The recent hearings before the Temporary National Economic Committee, which investigated the concentration of economic power, disclosed the existence of widespread pooling agreements among automobile manufacturers and among rival producers in other industries; but the purpose of these pools was not to suppress invention or stifle competition but to make the results of research available to the trade generally.

In laying down a general policy for the control of inventions, no restrictions should be placed on the development of invention, but some control might well be exercised in determining the manner in which these inventions should be exploited. By a gradual introduction of these innovations, the labor supply can be adjusted with a minimum of hardship, and existing capital investments might be liquidated over a period of time without too great loss. It is not the fact of change that is disturbing; it is the abruptness of the change that results in difficulties.

By accurate prediction and sensible control, government may be able to exercise supervision over the growth of new industries in such a way as to prevent abuses from becoming widespread. In the past, we waited until the industries matured, and the abuses often became intolerable before government stepped in to regulate. Such regulation then usually proved to be very difficult, and in the meantime society had had to endure the abuses. By stepping into the fields of radio and television before they grew into giants, the government has assured a more or less orderly development which will for the most part be in the best interests of society.

Inventions of Probable Future Importance. The prewar study of technological trends led to the conclusion that the following inventions were likely to be of most social significance in the future: the mechanical cotton picker, air-conditioning equipment, plastics, the photoelectric cell, artificial cotton and woolen-like fibers made from cellulose, synthetic rubber, prefabricated houses, television, facsimile transmission, the automobile trailer, gasoline produced from coal, steep-flight aircraft, and tray agriculture.[18]

The use of the mechanical cotton picker promises to release many thousands of farm workers. What will become of them is a problem that is troubling the South. There may be a mass migration of workers from the South, or new industries may develop to absorb the labor. The reduction in the cost of cotton may stimulate cotton production and may make cotton goods available to more people in the lower economic groups. Likewise, we may be able to regain our lost foreign markets in cotton.

Air-conditioning equipment will free man to a large extent from the controlling influence of climate. Vacation resorts will probably be adversely affected. Production may be possible in any part of the globe, and the efficiency of workers should be increased because of the controlled atmosphere. During the war, air-conditioning units were used extensively in hospitals, on ships, in mobile units, in industrial plants to increase production, in testing laboratories, and in many other ways. Postwar production of such units has been lagging far behind demand.

The developments in the field of plastics are relatively new, but they presage stiff competition to metals and other materials used in production. Airplane bodies and automobile bodies may eventually be made of plastics which can be molded into desired shapes much more easily than steel, and at lower cost. Plastics began their career as competitors of hard rubber, shellac, and various gums. They now compete with adhesives for the manufacture of veneers and laminated wood; they are found as binders in abrasive wheels; they afford waterproofing qualities for surgeons' plaster and raincoats. Recent improvements in plastics have increased their strength and their resistance to chemicals and salt water. They were invaluable during the war as substitutes for scarce metals, and were also used with great success in place of glass, rubber, and wood.

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[18] National Resources Committee, *op. cit.*, p. x.

The photoelectric cell, better known as the "electric eye," may help to relieve the strain in those occupations which require careful examination of materials to detect flaws and defects. It has been used in can factories to eject from the assembly line any can that deviates from the standard specifications. It has been used to open and close doors and for other purposes, doing automatically a task which otherwise requires the pressing of a button or the pulling of a switch. Wartime shortages of experienced labor and the need for high production and high standards of quality led to increased use and development of electronic devices. Electronic eyes and ears replaced human ones in testing castings, forgings, and welds. These and other devices for counting, sorting, measuring, and production control will probably find many peacetime uses in which machines will be substituted for men.

The artificial cotton and woolen-like fibers which modern chemistry is producing from cellulose and numerous industrial waste products present a threat to the industries producing the raw natural products. There is also competition between wood and cotton to supply the basic material from which the cellulose is derived. Nylon, an industrial infant before the war, was put to a multitude of uses during the conflict, and is certain to have an expanding role in peacetime industry.

The production of synthetic rubber was greatly stimulated by the preparation for the waging of World War II. Even before Pearl Harbor, it was realized that there was a chance that our supply of natural rubber might be cut off; and the government poured many millions of dollars into new plants for making rubber from chemicals. The synthetic product, up to the present, has proved to be more expensive than natural rubber; but this cost differential may disappear as continuous process methods replace the "batch" type of operation. For some uses, the synthetic product is superior. It is now planned to keep a large number of the war-built plants in operation or on a stand-by basis. These precautions, together with adequate stock piles, should free the nation from complete dependence on the plantations of the Far East.

Pre-cut houses have been sold for decades, but until the late 1930's they were usually of the summer cottage type. In 1940, when the defense program began to bring heavy migration into industrial centers, the government undertook to provide the necessary shelter for the workers. Then and later, during the war and the war's aftermath, the conditions were favorable for the use of mass-production techniques, assembly-line methods, and field prefabrications. Material shortages, resistance from vested interest groups, restrictive building codes, and high costs have plagued this program from the first.

The automobile trailer may not only affect the present housing situation and the development of prefabricated houses, but it may also change radically the mode of life of millions of Americans. Some writers have predicted that within thirty years half of the homes of the country would be mobile. The trailer will probably be used more by migratory workers and, during vacation periods, by many families; but because of its limitations, at least as now constructed, conservative writers do not believe that it will become the permanent, normal mode of living for the typical American family. "Furthermore, any considerable increase of this character would most likely result in the levying of taxes upon trailers adequate to provide for streets, roads, schools, parking spaces, fire, sanitary, police, and other municipal services from which taxes this mode of living is now in major part exempt."[19]

Television will probably open up new avenues of development in education, entertainment, and the communication of information; but it is not expected to cause any important new social change. It is likely to supplement the changes created by existing means of communication, especially the radio. The greatest wartime development in the field of communications was in radar and other radionic equipment. These are already being used extensively in navigation, in air traffic control, and in meteorological studies. The radio telephone, another wartime development, is being installed on trains and in automobiles.

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[19] National Resources Committee, *op. cit.*, p. 373.

Facsimile transmission is another development in communication which may alter considerably present methods of disseminating news. The transmission and reception of facsimile may be adapted to present-day radio sets. There are already available facsimile recorders which, when connected to the ordinary broadcast receiver and actuated by proper signals, will print a newspaper complete with pictures, right in the home.[20]

Our industrial economy would be impossible without oil for fuel and lubrication. Wars can be won, in part, on the basis of which side has the largest reserves of oil. Oil and gasoline, which are the lifeblood of our mechanical age, are used in such tremendous quantities that there may come a day when the supply of crude oil will be exhausted. The conversion of coal into gasoline, therefore, offers a method of conserving our petroleum supplies, and may ensure the continued existence of a mechanized society. Cost factors have prevented important developments in this area up to the present.

Steep-flight aircraft will solve many of the present aviation problems, chiefly in connection with the reduction in the area of land needed for aviation, as well as in making the airplane more flexible. Such craft may serve as taxis to carry people from crowded city areas to outlying areas where the speedy, long-distance airplanes will be located. The new Philadelphia post office has a roof on which steep-flight aircraft are able to land with a load of air mail. Safe, low-cost helicopters may even promote the decentralization of cities and industries.

The implications of tray agriculture for the future of general agriculture are very great. Tray agriculture consists of suspending the roots of food plants in water and putting the needed chemicals and plant nutrients into the water. The plants absorb this nutrition just as they absorb it from the soil in which they are usually planted.

[20] *Ibid.*, p. 229.

The production of food by means of tray agriculture is hundreds of times greater per acre than that of regular agriculture. By carrying on the production indoors, it is possible to control all aspects of the plant growth. More uniform products, much quicker maturity or ripening, and all-year production are the outstanding advantages of this type of cultivation, aside from the tremendous increase in output per acre.

Whether or not the innovations described above will actually turn out to be the most important of all recent inventions, in terms of their influence on society, remains to be seen. Some of the impediments to the exploitation of invention may successfully block the adoption of any or all of these. Substitute inventions may be introduced which will take over the field. Financial difficulties may beset some; laws or court decisions may hinder others; consumers may refuse to accept the new products; or any number of other factors or agencies may interrupt the development of these inventions. Nevertheless, after taking all these possibilities into consideration, it seems safe to predict that these inventions, along with some others, will exert a great influence on the future development of society.

In addition to the important inventions which were known or dimly foreseen in 1937, when the National Resources Committee published its report, there has been a host of new devices, products, and processes. Many of the military inventions seem at present to have only military uses, but the borrowing and learning between disciplines and professions is going on at an ever faster pace. There is no question that the military medicine developed during the war will make priceless contributions to the welfare of mankind. Antimalarials, the use of blood substitutes, insecticides, synthetic penicillin, and the important findings of aviation medicine are illustrative achievements which are traceable to the phenomenal increase of medical research connected with the war.

The most spectacular result of all the war technology, of course, was the production of the atomic bomb, which is thought to have hastened the surrender of Japan by many months. Into the project of creating the bomb the government poured over $2,000,000,000, created the greatest industrial empire of its kind in history, and enlisted scientists from many lands. Engineers, scientists, and industrialists worked against time to perfect the weapon before our enemies did so.

It is the almost unanimous opinion of scientists that there can be no military defense against the atomic bomb. Eventually atomic bombs will be cheap and easy to make; one atomic bomb attack, it is said, might easily destroy 40,000,000 of our population. The Bikini tests seemed to doom surface navies. America, and the other nations of the world as well, are confronted with a most critical and difficult problem in controlling this force which modern technology has produced. Thus far, a successful international agreement has not been reached.

For domestic purposes, the government has created an Atomic Energy Commission. This agency is charged with continuing research in all phases of atomic energy. It is improving and creating stock piles of bombs. It is releasing materials for research in medicine and biology. It is pushing the investigation of atomic energy for industrial power, and it is releasing information as fast as security precautions will permit. Never before has a single technical advance revealed such awesome possibilities for the future as has the discovery of atomic energy. As William L. Lawrence states, "Man stands at the gateway of a new world provided he does not commit suicide in the meantime."

TERMS TO BE UNDERSTOOD

diffusion
invention
Industrial Revolution
patent
standardization
social invention
technological unemployment
interchangeable parts

QUESTIONS FOR DISCUSSION

1. Show how technological inventions may be a causal factor in social invention; a result of social invention.
2. Discuss the meaning and validity of the sayings: (a) "Necessity is the mother of invention." (b) "Invention is the mother of necessity."
3. How would you explain the slow progress of technological invention during the Middle Ages?
4. Show how technology has made your present family life different from that experienced by your parents.

5. What are some changes in rural life which may be traced to the impact of technological inventions?
6. How is it possible to determine which inventions are likely to be of most significance in the future?
7. Assume that within the next fifty years many Americans will be living in trailers. What effect might this have on education, politics, taxation, industry?
8. Assume that you are the Secretary of Agriculture and that it is your task to promote orderly agricultural progress. How would you introduce (a) tray agriculture (b) the mechanical cotton picker?
9. What effect might recent inventions in the field of communications have on our form of government?
10. Discuss the statement, "The Americans are a nation of inventors." Is it true? If so, how do you explain it?
11. What are some of the most important prehistoric inventions upon which civilization is based?
12. List some of the separate inventions that had to be perfected before we could get the automobile.
13. Show how various inventions (such as the tin can and the typewriter) have had an effect upon the emancipation of women.

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PART TWO

SOCIAL ORGANIZATION AND SOCIAL PROBLEMS

Part Two deals with the basic formation or structures upon which social, economic, and political life rest. It gives us various perspectives through which we can see more clearly all of the different social entities with which we shall subsequently be concerned. Thus, in Chapter Six the family is taken as one basic social structure, resting upon kinship and intimate personal contact. In Chapter Seven we discuss associations and social groups other than the family. This chapter, therefore, takes account of the various interest groups, classes, and strata that make up our society. In Chapter Eight we assume another perspective, looking at social problems as they differ between people living in urban communities and those living in rural communities. Finally, in Chapter Nine we look at the social problems of the world from the perspective of human groupings based upon racial and cultural differences. These are basic ways of viewing the relation of social organization to social problems. It is clear, however, that these are not the only ways. Later, for instance, we shall talk about economic and political groupings and about national and international units. However, it will be simpler to explain these political, economic, and other social entities once we have shown the importance in social organization of kinship, common interest, the urban or rural nature of the community, and racial and ethnic groupings.

Chapter Six

THE FAMILY

George Bernard Shaw has said that more nonsense has been written on the subject of marriage than on anything else. Whether Shaw is correct or not, this chapter is written in the belief that most college students desire to make more sense than is now available in education for marriage and family life. Students of college age have many difficult decisions to make. Two of the most important are the choice of a vocation and the choice of a marriage mate. No other problems consume so much of a young person's time as those of preparing for a vocation and for marriage. Little is done now to prepare youth for a successful career in marriage, while much is done in the field of vocational training. How gratifying it would be if the human species were endowed with an instinct for successful family life! But such is not the case. Instead, this most important of all careers, or adventures, requires as much conscious, deliberate training as most jobs or professions.

The family provides the individual with both his first opportunity for the group associations through which he receives the culture of his group and the mold in which his adult personality is to be cast. These considerations make it necessary that we try to understand what is happening to the family in our day, and what may happen to it in the future.

Marriage and the Family Defined. Before we discuss the family problem it might be well for us to understand what is meant by the term "family" and the term "marriage." R. M. MacIver says that "the family is a group defined by a sex relationship sufficiently precise and enduring to provide for the procreation and upbringing of children."[1] The essence of the family relationship is found in the living together of parents and children in a common household. Thus a family represents an intimate association of two generations. MacIver's definition implies the necessity of parents giving birth to children before a family can be established; but, strictly speaking, parents with adopted children may likewise constitute a family. Logically, childless marriages ought not to be called "families"; but, in common parlance such marriages are also regarded as families.

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[1] R. M. MacIver, *Society, A Textbook of Sociology,* Rinehart and Co., Inc., New York, 1937, p. 196. By permission of the publisher.

The term "marriage" refers to a more or less permanent union of a husband and a wife. Such unions may assume different forms in different societies, but in every society this husband-wife relationship must conform to the moral and legal sanctions of the particular social group.

The Origin and Antiquity of the Family. Anthropologists can come to no general agreement as to how and when the family originated. The family seems to be a universal human institution, common to all ages and people of the world. Every human group, whether in the distance past or today, is marked by its family mores.[2] None of us can escape membership in the family group, for we are born into it. So universal is the family in the United States that more than nine-tenths of the estimated 145,100,000 American people in 1948 were living in family groups rather than as single individuals.[3]

Families are found among the higher mammals, especially the apes, as well as among the most primitive human groups which are found in the world today. Students of the family are agreed that all known primitive people have some form of family organization, ranging from small, monogamous families to large-kinship, polygamous families. The graves of Neanderthal man and other early men have yielded evidences of funerary offerings which suggest that these historic primitive peoples lived in family groups also.

Throughout the world this universal cultural pattern assumes a multitude of diverse forms, and it is characterized by a multiplicity of taboos. Some of the most important differences in the marriage and family patterns which have been found among the several historic civilizations, as well as among the world regions today, are summarized below:

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[2] See L. Guy Brown, "The Family as a Universal Culture Pattern," *American Journal of Sociology*, May, 1948, pp. 460–3 for a good discussion of the concept of universality.

[3] From the U. S. Census Bureau estimates given in the *New York Times*, December 19, 1948.

Number of Men and Women in the Marriage Relationship. Four possible marital combinations can be found: one husband and one wife, or *monogamy;* one husband and two or more wives, or *polygyny;* one wife and two or more husbands, or *polyandry;* and two or more husbands and two or more wives in a plural marriage arrangement, or *group marriage.*

Monogamy is the most widespread form of marriage. Over the entire Western world all other marriages are regarded as illegal. In general, all sex relations outside of marriage are considered adulterous and illegal.

Polygyny is usually found in groups where, for some reason or other, an excess of females exist. It is also found where plural wives are recognized as a badge of higher social status. Polygyny was quite the normal practice among the ancient Oriental empires. It is a fairly common form of marriage among some of the upper classes in Asia today. The Mohammedans tolerate as many as four wives, but most Mohammedan men do well to support one wife. The Mormons of Utah practiced polygyny from 1852 until 1890, when it was made illegal by Federal action.

Polyandry is comparatively rare, being limited usually to areas where one man may find it difficult to support a wife. This marriage arrangement is found in Tibet and southern India. In most instances the plural husbands are brothers, a fact which may ease the strain on some moral consciences in the Western world.

Group marriages are found in a few primitive cultures, such as the Masai of Africa and some tribes in New Guinea. Usually, some common bond, such as age or blood, exists among the members of this unique marriage system in which a number of men and women have common sex and family relations with one another.

Control of the family group. Three family control patterns are found: father control, or *patriarchy;* mother control, or *matriarchy;* and shared control, or the *egalitarian* family. Another type of family control seems to be in the offing, namely, a child-controlled family, or a "*filiocentric*" home, as E. R. Mowrer terms it.[4]

Debate continues as to whether the patriarchal or the matriarchal form is the oldest. Certainly the patriarchal family has been found more universally. In a matriarchal family, as among the Iroquois Indians, the mother, or frequently the mother's brother, wields authority over the husband and children. The family takes the mother's name, and usually lives with the mother's family. The husband may continue to spend much of his time with his own mother's and sisters' families.

The patriarchal family was found among the ancient oriental civilizations of Egypt and Babylonia, the Hebrew tribes, the Greeks and the Romans, as well as among the Christian civilizations down to the present day. Old Testament literature abounds in stories of the patriarchal family, in which the husband could divorce the wife at will.[5] The Hebrew father ruled his family with an iron hand, just as fathers did in colonial America. The father was obligated to provide for his wife and children in return for their complete submission. However, anyone who has read the novels of Pearl Buck on Chinese patriarchal family life, or the Paston letters, which relate the story of an English medieval family,[6] will suspect that, more often than not, the wife in reality ruled the home.

The egalitarian family in the Western world, like democracy, was a product of the Industrial Revolution. In the United States, the scarcity of women on the frontier accentuated the trend towards women's rights, which the factory system and modern urbanization set into motion. Especially in America, woman has found a set of social conditions which offers her nearly full and equal rights with the man. The patriarchal family type tends to linger on in the more isolated rural parts of the United States, but the democratic, companionate type of family system is more and more being considered the ideal standard for successful married life in the United States.

[4] E. R. Mowrer, *The Family, Its Organization and Disorganization,* The University of Chicago Press, 1930, p. 274. A Greek derived term, "pediacentric," is used also.

[5] Proverbs, 31: 10–31, gives a hymn of praise for the good Hebrew wife and mother.

[6] H. S. Bennett, *The Pastons and Their England,* Cambridge University Press, 1922.

Terman, in his study of marital happiness, has found a high correlation between successful marriage and the degree to which husbands and wives divide the control and responsibilities of the family more or less equally.[7] In the egalitarian family each family member, whether adult or child, is respected as a personality with sufficient judgment to help formulate the decisions which may be necessary.

Choice of Mates. All societies have well-defined rules governing the choice of marriage partners. Sometimes the marriages must occur within a given group, and at other times outside of the family group. Marriages within a family or other social group are called *endogamous* marriages. In the United States, some thirty southern and western states forbid marriages between members of different races. Our religious and marriage customs encourage marriages between individuals who have the same general social, religious, and economic backgrounds. R. E. Baber, in his study of "mixed marriages," found that such marriages are more likely to be unsuccessful than marriages between "like" individuals; but, needless to say, there are many individual exceptions to the rule.[8]

Marriages outside of the family group are known as *exogamous* marriages. Most primitive peoples forbid marriages between close blood relatives. Most countries of the Western world forbid marriages between blood relatives who are more closely related than first cousins. Yet, among the royal families of ancient Egypt, marriages were regularly contracted between brothers and sisters. Despite the endogamous traditions of the United States, more and more marriages are occurring between members of different religions and nationalities, thus suggesting a trend towards more exogamous and fewer endogamous marriages.

The Typical American Family Patterns. Any "typical family" for a country as large and diverse as the United States can be only an imaginary concept, a statistical myth. Perhaps it would be better to describe the family pattern towards which the American family is moving rather than any typical family. At the present time, one finds many types of families in the United States. There are prob-

[7] L. M. Terman, *et al., Psychological Factors in Martial Happiness*, McGraw-Hill Book Co., New York, 1938, p. 207.

[8] Ray E. Baber, *Marriage and the Family*, McGraw-Hill Book Co., New York, 1939, pp. 160–166.

ably typical urban and rural families, Negro and immigrant families, and families of the various income groups, all of which ought to be studied individually. However, certain general cultural patterns are recognizable as being characteristic for the United States.[9]

The American family tends to be voluntary and democratic. The marriage is the fruition of a period of romantic courtship in which the lovers have had considerable freedom in the selection of their mates. Such freedom of choice of mates also implies the right, within certain social limits, to dissolve the marriage, when it becomes intolerable either to the husband or wife. The American family plan holds to a strict form of monogamy. Sexual activity is restricted to the single mate in marriage. Both premarital and extramarital intercourse are proscribed. One may have a succession of mates, but never more than one at any single time. Family control tends to be centered in both of the parents, although the patriarchal traditions continue to enhance the authority of the father somewhat above that of the mother. Unlike the family in China, the American family is distinctly a "small" family, in which the grandparents and the "in-laws" exercise no control, and, as a rule, do not live in the same house with the parents and their children.

Finally, the family is the basic social institution through which the adult family members express their personalities and find satisfaction for many emotional needs. The personal happiness of the husband and wife is regarded as the measure of success of the family experience. Moreover, the family provides the primary training agency by which American children learn the necessary attitudes and ideals for harmonious living in a democratic world.

FAMILY FUNCTIONS AND SOCIAL CHANGE

The Changing Function of the Family. The family, like every other aspect of our contemporary culture, experiences the effects of changing conditions from generation to generation. Compare the household activities of a Colonial mother, who lived in a large house on a farm, busily directing the affairs of a veritable factory in which the food and clothing for seven or eight children were produced, with a modern mother, who lives, with her husband and one or two children, in a four-room apartment located in a large, industrial city which furnishes an abundance of ready-made goods for the family's consumption. Not only has the mother's role in the home been changed in recent years, but many other aspects of the family and its functions are yielding to the impact of many forces within our dynamic society.

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[9] See John Sirjamaki, "Culture Configuration in the American Family," *American Journal of Sociology*, May, 1948, pp. 464–470, for a good analysis of the typical American family.

Men and women marry and rear children so that certain basic personal desires may be satisfied, rather than to fulfill the several functions which a given society may deem necessary for the family. That the family does give satisfaction to many of our personal desires, despite the frequent instances of conflict and divorce in which these desires are not satisfied, is evidenced by the popularity of marriage in the United States. As E. A. Ross remarked to his classes on the "family," "We are the most married nation on earth."[10] The marriage rate has been increasing rather steadily, except in the depression period, during the past fifty years. In 1890, about 63 per cent of the population over fifteen years of age was married. Over 70 per cent of the same age group is married now. In 1900, the annual marriage rate in the United States was 9.32 marriages per 1,000 of the population. This rate had increased to 11.9 per 1,000 by 1940, and to 16.4 per 1,000 by 1946, an all-time record rate for the United States.[11] Almost 2,300,000 marriages occurred in this peak year of 1946. Some doctrinaire Marxists have labeled marriage a "bourgeois" hangover; but, all in all, it seems to be desirable experience for most people. More than 90 per cent of the American people eventually will marry.

The family satisfies many needs and serves many functions. The more important ones may be classified under five headings: (1) the reproductive function, (2) the parental function, (3) the economic function, (4) the status or prestige function, and (5) the love or affectional function.

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[10] Howard Becker and Reuben Hill, *Family, Marriage, and Parenthood,* D. C. Heath and Co., Boston, 1948, p. 247.

[11] *The Americana Annual,* Americana Corporation, New York, 1948, p. 408.

One of the primary functions which the family serves is the *reproduction of the race*. Unless a marriage produces children, this basic function is not fulfilled. Many primitive people, as well as more civilized people in European and Asiatic cultures, value a marriage almost solely in terms of its fecundity, or the number of children born into the family. Yet, the average size of the family in the United States has declined in the last fifty years from 4.9 members in 1900 to 3.8 members in 1940.[12] During the past century, the average number of children in the family has declined from four to about two children. In 1945, almost 85 per cent of the American families had two or fewer children under eighteen years of age living in the family unit.[13] Almost one-half of the families had no children living at home. It is difficult to say how many of these childless homes had never had any children. In 1940, 16 per cent of the married women were reported as being childless.[14] Almost twice as many childless married women were found in urban areas as in rural areas. Whelpton estimates that the birth rate of white women in the United States has fallen at least 65 to 70 per cent since 1810.[15] Although the birth rate of the United States reached a wartime high of 21.5 births per 1,000 of the population in 1943 and a record postwar high of 27.2 in 1947, Whelpton concludes that the ratio of births to fertile white women in 1950 will probably be higher than the ratio for either 1930 or 1940; but it will be only one-third as large as the ratio for 1810.[16] Since it seems likely that the pre-World War II birth rates will prevail again in a few years, the downward trend in family size is likely to continue.[17] Whelpton can find no evidence that the average size of the family is increasing now. The small family continues to be the "fashionable" one in the United States; and, so long as parents prefer two children to six, the family will experience a decline in its reproductive function.

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[12] E. W. Burgess and H. J. Locke, *The Family*, American Book Company, New York, 1945, p. 495. For a detailed discussion of population growth, the reader is referred to the chapter on "Population."

[13] *1948 Britannica Book of the Year*, Encyclopedia Britannica, Inc., Chicago, 1948, p. 67.

[14] *Ibid.*, p. 54.

[15] P. K. Whelpton, "A History of Population Growth in the United States," *Scientific Monthly*, October, 1948, p. 279.

[16] *Ibid.*, p. 279. [17] *Ibid.*, p. 280.

Several explanations can be given for the diminishing size of the family. The primary factor is that parents no longer desire large families, and now, for the first time in history, they have easy access to relatively safe and reliable contraceptive techniques. However, birth control is only a means to an end, and its use does not explain the underlying motives for small families. One obvious fact is that the economic value of children is much less in the cities, where child labor laws are enforced, than out on the farms where children are still useful producers. Moreover, farm families, which constitute now only 20 per cent of the population; can probably rear a child somewhat more cheaply than a family in the city can. In the cities, higher standards of living, plus the urge to "keep up with the Joneses," increase the burden of rearing children for the urban families.

Whatever the reasons for small families may be, the incontrovertible fact remains that the majority of American women want one or two children. Sixty-three per cent of the women surveyed in a *Fortune* poll in 1943 wanted two or three children, while 90 per cent of the young people who were questioned at Cornell University wanted two children.[18] There is little likelihood that parents in the immediate future will desire families of more than two or three children until the children can more nearly pay their own way, or until family incomes are raised to a point where parents can afford to rear more children according to the socially accepted standards of today. However, neither is there much danger that the family will lose so completely its reproductive function that we will commit race suicide.

A second historic function of the family has been the *parental* one; a function which includes the protection of the child, the provision of the child with bodily needs and shelter, as well as the satisfaction of the child's needs for education, recreation, and personality development. Social workers have come to the conclusion that no institution can furnish the requisite emotional atmosphere for the growing child as well as the home.[19] Parents must provide care for the average child for a period of fifteen to twenty years. Food and clothing are important items, but more important aspects of the parental function are those emotional and mental intangibles which enter into the structure of the child's personality. In the first five to ten years, the parents have it in their power to establish most of the basic habits, emotional qualities, and attitudes which the child will later express in his adult personality. Society and parents both need to recognize the truth of the adage, "there are no bad children, only bad parents."

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[18] *Fortune,* August, 1943, p. 16. L. D. Rockwell and M. E. N. Ford, *Youth, Marriage, and Parenthood,* John Wiley and Sons, New York, 1945, p. 205.

Today, psychiatrists are more and more coming to believe that the personality maladjustment of adults have their origins in the early years of childhood.[20] In the intimate relationships which exist between parents and children, the children learn, both consciously and unconsciously, to reflect the attitudes of their parents. Neurotic parents may induce similar neurotic attitudes in the child's personality, while emotionally mature parents tend to develop stable and adult-like personalities in children. The anxieties and prejudices which parents acquire as they react to the many stresses and problems in our modern society in turn become the anxieties and prejudices of their children.

In our society, in which the mother is in more constant contact with the child than the father, there is a tendency for the attitudes of the mother to be more determinative than those of the father. Thus, David Levy found that frustrated mothers often relieve their inner tensions by overloving and overprotecting their children in such a way as to render permanent injury to the child's personality.[21] Strecker, in his study of neuropsychiatric soldiers in World War II, concluded that the single most important factor in producing emotional inadequacy among the troops was "momism," or too much mothering of the wrong type.[22] As Miss Taylor writes, "a boy's best friend is *not* always his mother."[23] The children of parents who err on the side of too much love and paternal protection, or who go to the other extreme of too much rejection, hostility, and harsh discipline, frequently exhibit personality maladjustments. Some tend to resent their overprotective parents by expressing various kinds of aggressive, destructive behavior. Other children may be "spoiled" and selfish, still others may develop "inferiority attitudes." Whatever the unwholesome reaction of the child may be to the mismanagement of his parents, the child usually finds it difficult to enjoy normal social relationships with other children and to assume the obligations which society expects of him. The growing acceptance of the belief that parental attitudes towards the child in his formative years are basic influences in the development of personality places a heavy responsibility upon intelligent parenthood.

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[19] Becker and Hill, *op. cit.*, p. 782.

[20] Becker and Hill, *op. cit.*, have an excellent chapter (Ch. 16), written by Katherine W. Taylor, on the psychological responsibilities of parenthood.

[21] David Levy, *Maternal Overprotection*, Columbia University Press, New York, 1943, pp. 57 ff.

[22] Edward A. Strecker, *Their Mothers' Sons*, J. B. Lippincott Co., Philadelphia, 1946.

[23] Becker and Hill, *op. cit.*, p. 464.

In the past fifty years many of the parental functions have been shifted to agencies outside of the home. The school is being extended at both ends; so that the nursery school and kindergarten care for an increasing number of children, while the high school and college facilities are expanded for the educational needs of the young adults. No longer does the American home provide the children with as much opportunity for religious instruction and prayer as it did a century ago. Here one wonders how much of the dwindling emphasis on religion comes from the church taking over the religious work of the home, and how much is the effect of a general indifference to religion. In the past twenty years the percentage of the national income expended for religious purposes has declined from 2.5 per cent to 1.5 per cent.[24] Private and social insurance programs are supplementing and replacing the family's earlier efforts to provide protection against the hazards of death, sickness, and old age. Hospitals more than the home now furnish the proper place in which to be born, to convalesce, and to die. Although the home continues to satisfy most of the young child's play needs, more and more of the older children and the adult members of the family are finding their recreational experiences outside of the home. Probably 75 per cent of young people satisfy the bulk of their recreational needs independently of the home.[25] In thirty years the amount of money spent for commercialized recreation has increased four times.[26] One may speculate whether television or any other form of entertainment will ever again enable the home to be the center of the family's play experience, such as it was when grandfather enjoyed husking bees, family picnics, and community socials.

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[24] J. Frederic Dewhurst and Associates, *America's Needs and Resources*, Twentieth Century Fund, New York, 1947, pp. 81, 337.

[25] J. Frederic Dewhurst, *op. cit.*, pp. 293–4.

A third traditional function of the family has been the *economic* or *productive* function. Until the nineteenth century, the home, throughout history, had been an important economic institution which produced the bulk of the items consumed by its members. In a rural civilization, both the husband and the wife had to be veritable jacks-of-all-trades. While the husband did a thousand jobs about the farm, the wife worked some sixteen hours daily preparing the food, weaving and sewing clothes, and performing a multitude of other tasks which were necessary in a pioneer, self-sufficient home. In contrast, recall how the modern, urban housewife simplifies her housework by shopping for factory-prepared commodities. A host of labor-saving gadgets relieve her of many wearisome hours of labor. She buys most of her bread at the bakery, with the result that the sale of bakery goods rose 92.9 per cent from 1919 to 1939 while the population was increasing only 25.2 per cent.[27] The consumption of canned goods and the use of commercial laundries doubled in those same years. The home remains the place where the body is fed and clothed, but the production of goods has shifted from the home to the factory. As a result of this transfer of activities, no longer are the parents in a position to work beside each other in the home unit. The father remains the principal source of income for the family; but, in order to make a living, the father must leave his wife and children for most of the day. The influence of the father's personality upon the children is less than it was when the home was a closely-knit unit.

Moreover, since the mother has more free time, which is no longer needed for the case of a large family and the performance of many household duties, she is now in a position to transfer more of her labor activities from the home to the office and factory. The mother continues to be an important producer, but she, like her husband, must leave the home to work. In 1946, women composed

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[26] *Ibid.*, p. 279. [27] E. W. Burgess and H. J. Locke, *op. cit.*, p. 501.

29 per cent of the nation's labor force, a slight increase over 1940. About one-third of the women working are married, and about one-seventh of all married women are employed.[28] Almost one-sixth of these women support a family. The fact that 75 per cent of the working wives report that they work because of economic necessity, rather than from choice, gives the critic of the working wife and mother something to ponder.[29] What effect will the growing employment of women in industry have up the future of the home?

Many differences of opinion, usually based upon little evidence, are given in reply to this question. For one thing, the earnings of the working wife ought to increase the economic well-being of the family, with benefit to all of its members. On the other hand, since more than one-tenth of the working women are mothers with children under ten years of age, one might ask who is taking care of the children.[30] Before we can charge these mothers with neglect of their children, let us bear in mind that the prestige and emotional satisfactions derived from a job, plus the extra money for the children, might possibly provide better, rather that worse, homes.[31]

There seems to be little doubt about the fact that women who are financially independent of their husbands enjoy a larger measure of self-confidence and freedom. Perhaps much of the marital unrest and divorce today can be attributed to the newly found freedom of modern woman. Margaret Mead believes that the spirit of freedom among women causes many of them to be dissatisfied with a career of wifehood and motherhood.[32] She concludes that more than a quarter of American wives are unhappy because home-making seems to be a dull, glamorless career when compared with the more remunerative, prestige-giving occupations in the industrial world. If this attitude of dissatisfaction really exists among many of today's mothers and wives, then society must take steps to elevate the status of the homemaking career for both husband and wife. Certainly, the economic function of the home has assumed radically different forms of expression in the present century.

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[28] Frieda S. Miller, "Women in the Labor Force," *Annals of the American Academy of Political and Social Science*, May, 1947, pp. 35–43.

[29] "Sources of Wartime Labor Supply in the United States," *Monthly Labor Review*, August, 1944, pp. 264–278; Frieda S. Miller, *op. cit.*, pp. 41–2.

[30] Hazel Kyrk, "Who Works and Why," *Annals of the American Academy of Political and Social Science*, May, 1947, p. 45.

[31] M. F. Nimkoff, *Marriage and the Family*, Houghton Mifflin Co., New York, 1947, p. 498.

[32] Margaret Mead, "What Women Want," *Fortune, December*, 1946, pp. 172 ff.

The family serves a fourth function, namely, the *status,* or *prestige,* function. Each of us has certain ego drives which crave satisfaction. We want the approval of others for the things we do. Normal people in our culture wish to feel that they are successful, even superior. Social approval stamps one's efforts with the mark of failure or success. Throughout historical time the family has been an important badge of respect for its members. Each family has a certain "status" or "prestige" value in the eyes of the larger community. Even in the United States, where the social classes are relatively fluid, there is a tendency for members of like social groups to marry. People marry within the same income and cultural groups so that their personal prestige may be preserved. Other people desire to improve their status by marrying into a higher social group. Climbing the social ladder provides an attractive, but risky, motive for many marriages. Teachers and psychologists who work with children realize how important family status is for the satisfactory adjustment of the child to his school and play groups. Children who come from homes "on the other side of the tracks" tend to manifest many inferiority feelings. Such children may become aggressive and delinquent; or they may assume a defeatist sense of failure.

Social psychologists stress the point that a child values himself, creates his own ego-value, in the same degree that his parents, playmates, and neighbors value him. When Johnny hears his mother refer to him as a good, smart little boy, he swells with pride and unconsciously learns habits of self-confidence. It is equally true that when the family is rejected by society, and when the child is rejected by his own family, the child responds oftentimes by acquiring feelings of hositility or rejection. This "status" function of the family continues to remain a primary contribution of the family to its members.

The fifth, and final, function of the family is the *love* or *affectional* function. Of all of the satisfactions which the family provides, none has increased in recent years more than the affectional aspects of family life. As our culture becomes more complex, and our social contacts more impersonal, the members of the family become more and more dependent on the family group for the satisfaction of their love needs. Today, men and women are marrying in ever-increasing numbers, so that they may both satisfy their sexual needs in a socially approved manner and enjoy the rich companionship which genuine love between the sexes can bring. More stress is being placed now on the value of romantic love in courtship and marriage. There is a danger that the Hollywood influence has over-glamorized the romance in love to such an extent that many young couples feel defrauded when marriage fails to yield all their rosy expectations. An earlier belief that sex was something vulgar and repulsive, especially for the female, is being replaced by an attitude that sex relations in marriage are wholesome and desirable. Modern contraceptives have divorced sex relations from their normal child-bearing consequences. The increasing use of birth control methods permits the sexual side of marriage to play a relatively larger role in the affectional aspect of the family than was the case fifty years ago.

Whether husbands and wives ought to use contraceptives in marriage remains a debatable topic. In general, the Protestant churches and Jewish faith permit the use of birth control methods; but the Catholic church remains absolute in its opposition to the use of techniques of birth control excepting the rhythm technique.[33] Only two states, Massachusetts and Connecticut, remain opposed to the legalization of birth control information and techniques, while the other states have legalized birth control in varying degrees. A *Fortune* poll in 1943 reported that 84.9 per cent of the married women polled were in favor of legalizing the spread of birth control information.[34] In a Cornell University study, 90 per cent of 364 junior and senior students favored the use of contraceptives.[35] The large number of veiled ads for "feminine hygiene" products in our popular magazines is another index of the public's tolerance for birth control. Regardless of our religious and moral views on the matter of birth control, the fact is that most American families do limit the number of children by voluntary methods.

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[33] M. L. Nimkoff, *op. cit.*, 560–562.

[34] *Fortune*, August, 1943, pp. 20, 24.

[35] L. D. Rockwood and M. E. N. Ford, *op. cit.*, pp. 207–208.

The critics of the liberalization of the laws and morals on birth control charge that such knowledge will contribute to the moral delinquency of youth. The Kinsey report, as well as other evidence, suggests that the earlier double standard of sex morality is changing towards a single sex standard, in which a greater amount of sexual freedom is tolerated for women as well as for men. Kinsey concludes that 85 per cent of young men from ages sixteen to twenty years with a grade school level of education, and 42 per cent of the college-level men, have had premarital relations.[36] The majority of the 85 per cent of the men who do not go on to high school and college accept premarital intercourse as normal, so Kinsey reports. In a recent study of 4,600 unmarried draftees, only 20.6 per cent were virgins.[37] Both this study and the Kinsey report note a positive correlation between the amount of virginity among the males and their educational and socio-economic level. Thus, the higher the educational and social levels are, the higher the rate of virginity. About 70 per cent of a group of Cornell University students opposed pre-marital relations.[38] Terman predicts, however, that, if the present trends of sexual freedom before marriage continues, virginity will cease to exist in a few years.[39] No one knows for certain what changes are taking place in our sex mores. It does seem certain that the new emphasis on sexual relationships in both our modern family life and our entire cultural system, together with the increasing availability of contraceptive knowledge and techniques to young people, is sowing the seeds of a new code of sexual ethics which parents, moralists, teachers, and others will be forced to recognize and to accept.

The affectional function of the family furnishes other types of love satisfactions. In addition to the sex aspect of love in marriage, husbands and wives enjoy the mutual stimulation of mental and emotional experiences, which collectively we term "companionship." The family relationship satisfies the love needs of parents for children, as well as the needs of children for love from their parents. Unquestionably there are occasions in the lives of most parents when their children may seem to be a heavy burden, but most parents find that, over the years, the opportunity to observe and to direct the activities of the developing child, and the pleasure of loving and being loved by children, are significant values. More and more stress is being placed on the need for a "happy home" today.[40] If the modern family satisfies the emotional needs of parents and children for love and affection, then its existence is justified beyond any shadow of doubt.

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[36] A. C. Kinsey, W. B. Pomeroy, and C. E. Martin, *Sexual Behavior in the Human Male*. W. B. Saunders Co., Philadelphia, 1948.

[37] L. B. Hohman and B. Schaffner, "The Sex Lives of Unmarried Men," *American Journal of Sociology*, May, 1947, pp. 501–507.

[38] L. D. Rockwood and M. E. N. Ford, *op. cit.*, 207–208.

[39] L. M. Terman, *et al.*, *Psychological Factors in Marital Happiness*, Mc-Graw-Hill Book Co., New York, 1938, p. 323.

In concluding this section on "family functions," it should be noted that the degree to which the family can satisfy the desires of its several members changes from time to time in response to changing social conditions. The change from families living in single dwellings in small, rural communities to their living in apartment buildings in large, industrial cities; the change from a domestic type of production to a factory system of production; and the rise in the status of women accompanying their employment in industry—all have been basic factors in the modification of the historic functions of the family. The reproductive function has suffered some loss of importance. The parental and economic functions have been transferred in part to other agencies outside of the home. The status function remains an important source of a person's sense of well-being and confidence. The affectional function, in all of its aspects, has increased its relative importance in a society which places a premium upon personal freedom and happiness.

FAMILY DISORGANIZATION

The Nature of Family Disorganization. By family disorganization is meant a breakdown in the unity and functioning of the family. A disorganized family may be viewed as synonymous with an "unhappy" family, one of our most serious contemporary social problems. Some alarmists conclude that the family institution is doomed, as they cite divorce statistics which indicate a trend toward a divorce rate of one divorce to every two marriages by 1960. However, students of the marriage problem reassure us that the majority of families, probably two-thirds of them, are reasonably happy ones.[41] Still, sociologists and family experts are disturbed greatly by the increasing disintegration of the American family. The family is not a dying institution, but a changing one. A dynamic, industrialized, urbanized society undermines old family systems, and creates the conditions out of which a new family pattern will develop. Social scientists find that rapid social change, with a resulting cultural lag in some phase of the social system, is a basic cause of social maladjustments. As a result of new economic forces which have been introduced in the Industrial Revolution, our entire mode of living has changed. We are trying to operate an eighteenth-century family system in a twentieth-century urbanized, democratic society. The largest number of childless marriages are found in the large cities, where a great number of the husbands and wives are members of those churches which oppose birth control most strongly. Here is an example of cultural lag. Moral teachings have not kept pace with the changes in the everyday world of material things. Instead of hysterical denunciations of the modern generation for their immorality, sober judgment requires that a study be made of the forces which are threatening the stability of the family. A modernized family may force the modification of certain moral concepts, but if this promotes a more happy family then the sacrifice is well worth while. Until the old-fashioned, rural, patriarchal family overcomes the existing cultural lag, an increasing degree of family tension can be expected.

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[40] Students will find a good treatment of the "happy home" in John Levy and Ruth Monroe, *The Happy Family*, Alfred A. Knopf, New York, 1938.

Types of Family Disorganization. The unity of the family can be destroyed by the death of one or both parents, or by marital conflict which, if sufficiently severe, may lead to separation, desertion, or divorce. The removal of a parent from the home by death has serious consequences for the children and the bereaved mate, but the home which is broken by conflict probably leaves even more serious scars upon the individual members of the family.[42] In death, a bond of sympathy tends to unite the family, while divorce, for example, is apt to divide the family into hostile groups. Death is the most common factor causing disorganization of the family, being responsible for nearly three-fourths of all "broken" homes.[43] Separation accounts for about one-fifth, and divorce for one-tenth of the remaining disorganized families.

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[41] E. W. Burgess and L. W. Cottrell, Jr., *Predicting Success or Failure in Marriage*, Prentice-Hall, Inc., New York, 1939, gives 63.1 per cent as happy. L. M. Terman, *et al.*, *op. cit.*, for 792 couples gives a happiness score of 66 per cent for men and 70 per cent for women. Ruth Cavan, *The Family*, Thomas Y. Crowell Co., New York, 1945, concludes, from a summary of ten studies on family happiness, that two-thirds are happy.

Often families quarrel and then reconcile the differences; but, in a minority of the cases the conflict leads to a separation in which one of the mates leaves the home group. Sometimes separation takes place by mutual consent of both parties to the marriage, and the conditions of the act of separation may be written into a legal contract. Another type of separation, one which is rather common among low-income groups, is desertion. Desertion, sometimes called the "poor man's divorce," usually occurs without the consent of the other mate. As a result, no legal provision is made by the deserter for the care of the children and the mate. Desertion seems to be more of a moral holiday for the errant spouse than a permanent separation, since the majority of deserters are "repeaters." Among the causes of desertion, the most important statistically are family discord, interference of relatives, differences in the cultural backgrounds of the mates, and racial and national attitudes towards marriage.[44] In the United States, the desertion rate for Negroes and South European groups is higher than for most of the other population groups. Since these groups tend to be found in the lower-income levels, their greater desertion rate may reflect their economic and cultural background rather than the influence of any national or racial traits.

Divorce is a form of family disorganization in which the marriage is dissolved by legal action. Most divorces are absolute terminations of the marriage contract, following which each marital partner is free, in so far as the law is concerned, to remarry. In a few cases a limited divorce is granted. Some thirty states grant such limited divorces, in which the law recognizes the separation of the marital mates from "bed and board," thus permitting the husband and wife to live apart, but not recognizing the privilege of remarriage.

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[42] M. F. Nimkoff, *Marriage and the Family*, Houghton Mifflin Co., New York, 1947, p. 612. Excellent accounts of the effects of bereavement are found in Willard Waller, *The Family*, The Cordon Press, New York, 1938, chapter 19; and E. W. Burgess and H. J. Locke, *op. cit.*, pp. 647–658.

[43] M. F. Nimkoff, *op. cit.*, p. 610.

[44] M. F. Nimkoff, *op. cit.*, pp. 622–3.

Divorce statistics provide the most striking evidence for the existence of family maladjustment in the United States. The divorce rate has increased steadily since 1887 at a rate of about 3 per cent per year, excepting in the depression years from 1930 to 1933.[45] In 1915, the divorce rate was about one divorce for every ten marriages. By 1930, the rate had risen to one divorce in six marriages; and the present rate is around one divorce for every three marriages. The divorce rate per 1,000 of the population rose from 1.9 in 1937 to an all-time high of 4.3 in 1946. The Federal Security Agency, in 1948, estimated a drop in the divorce rate to 3.1 for 1947. Current predictions foresee a divorce rate of one in every two marriages by 1965.[46] Public opinion is aroused by these high divorce rates, but it refuses to accept the abolition of divorce as a solution to the problem. A *Fortune* poll in 1943 reported that 90 per cent of the women interviewed approved of the principle of divorce.[47] Burgess and Cottrell conclude that "our mores condone, if they do not approve, divorce as one solution of the problem of marital unhappiness."[48] In November, 1948, the only state in the United States which failed to recognize the legality of divorce for any cause, South Carolina, adopted a constitutional amendment to legalize divorce.

Divorce is not the cause of marital discord. Neither does the rising tide of divorce offer incontestable proof that more marital unhappiness exists today than it did formerly. "Easy" divorces may reflect only the general weakening of religious and ethical controls which, in earlier days, compelled unhappy husbands and wives to maintain the marriage relationship.

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[45] Divorce statistics are taken from Alfred Cahen, *Statistical Analysis of American Divorce*, Columbia University Press, New York, 1932; Becker and Hill, *op. cit.*, pp. 672–3; and *Statistical Abstract of the United States: 1947*, U S. Government Printing Office, Washington, D. C., 1947.

[46] Jacques Bacal and Louise Sloane, "Divorce—America's Growing Tragedy," *Look Magazine*, April 15, 1947, p. 58.

[47] *Fortune*, August, 1943, p. 24.

[48] E. W. Burgess and L. S. Cottrell, Jr., *op. cit.*, p. 1.

Some Factors Underlying Divorce. Divorce court proceedings give us little information on the true causes of divorce. In 1939 over 83 per cent of the divorces in the United States were granted on charges of cruelty and desertion, and only 3.5 per cent for adultery.[49] Such blanket terms as "cruelty" and "desertion" cover a multitude of conditions which induced the conflict between husband and wife.

Most divorces occur in the first five years of marriage, and two-thirds of all divorces are granted within the first ten years of married life.[50] Four-fifths of the divorces are granted to couples whose average age is under forty years. Children seem to be a stabilizing factor in the marriage relationship. Seventy per cent of all childless marriages end in divorce, while only 8 per cent of the marriages with children experience divorce.[51] The divorce rate for one-child families is twice the rate for two-child families.

Divorce rates vary from region to region in the United States, as well as from occupation to occupation. The urban divorce rate is approximately twice that of the rural areas.[52] Also, divorces are found more frequently in those families in which the husband's occupation requires absence from home, irregular hours of work, and close contacts with the opposite sex. Actors, bartenders, and traveling salesmen are among those who have the highest divorce rates.[53]

Basic Causal Factors in Marital Conflict. Some naive persons may enter marriage laboring under the delusion that all marriages are expected to be a constant display of "sweetness and light," free from any kind of conflict. Most of us realize that conflicts are normal experiences, a natural counterpart of all human interactions. Whenever two personalities engage in any serious relationship, differences may occur. The only abnormal aspect of conflict is the inability to adjust it in a peaceable and satisfactory manner. Marital conflicts, like other types of conflict, are caused by a complex interplay of environmental and personality factors. It is no simple problem to untangle this intricate web of casual conditions which produce separation and divorce. In general, these factors can be grouped under two headings: the cultural and the personality factors.

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[49] *Vital Statistics, Special Reports,* Department of Commerce, June 9, 1943, Vol. 17, No. 25, p. 464.

[50] Becker and Hill, *op. cit.,* pp. 694–6.

[51] *Ibid.*, p. 687.

[52] Ray E. Baber, *op. cit.*, p. 458.

[53] L. M. Nimkoff, *op. cit.*, pp. 636–8.

The Cultural or Social Factors. Divergent cultural backgrounds of the marital partners may contribute to the presence of conflict in some homes. Baber finds that the color difference in racial intermarriages materially reduce the happiness score.[54] Burgess and Cottrell report that the chances for happiness are twice as good when husbands and wives come from similar cultural backgrounds.[55] In contrast, Terman does not find the cultural difference factor to be an important cause of happiness or unhappiness.[56] Intelligent and understanding persons often can surmount these cultural and racial barriers and have happy marriages. However. people who have similar cultural backgrounds are more likely to agree. Their like attitudes and beliefs tend to reduce the chances for conflict. One must not conclude, however, that all marriages between Cinderella and the Prince, the Gentile and the Jew, the Negro and the White, the Catholic and the Protestant, the radical and the conservative, the idealist and the materialist, the old and the young, are doomed. Each person must judge whether he or she has the degree of flexibility to accommodate his or her views to those of the potential marital partner.

Economic tensions arising out of inadequate family incomes provide another type of conflict between husband and wife. Both Mowrer and Hamilton find that money matters are a contributing factor in almost half of the cases of conflict.[57] It would seem likely that this factor is more serious in low-income homes than among the higher-income groups.[58] Yet Terman as well as Burgess and Cottrell find little or no correlation between the size of the family income and marital conflict.[59] Much more important than the amount of money which the family has to spend, so Burgess and Cottrell conclude, is how well the husband and wife agree on how to spend the money, how much income is necessary, and who in the family is to earn the income. Financial tensions are both economic and psychological in nature. As Nimkoff comments, marital happiness depends more upon one's emotional balance than upon one's cash balance.[60] Another aspect of the conflict over economic factors concerns the career wife. If the wife continues to work outside of the home after marriage, she often runs the risk of injuring her husband's ego. If she desires to work, but does not do so, then she may harbor concealed resentment towards her family.

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[54] Ray E. Baber, "A Study of 325 Mixed Marriages," *American Sociological Review*, Vol. II, 1937, pp. 705–716.

[55] E. W. Burgess and L. S. Cottrell, Jr., *op. cit.*, pp. 77–89.

[56] L. M. Terman, *et al.*, *op. cit.*, pp. 369–370.

[57] E. R. Mowrer, *The Family, Its Organization and Disorganization*, The University of Chicago Press, Chicago, 1930; and G. V. Hamilton, *A Research in Marriage*, A. and C. Boni, New York, 1929.

The Personality Factors. Personality inadequacies furnish the most potent group of factors for marital conflict. Fortunately, the personality area offers also the most promising solutions to the problem of family disorganization.

Emotional immaturity of the husband or wife is a constant barrier to the peaceable adjustment of family disputes. Childlike personalities, by making mountains out of molehills, magnify trivial conflicts into insurmountable differences. Frequently we laugh at the rationalized excuses which are offered in divorce courts by irate husbands and wives. There is the case of a woman who secured a divorce because her husband gave each of her five stepsons a saxophone; of another woman who could not tolerate her husband's red neckties; of still another woman who was sued for divorce by her husband because she cut her hair too short. No one can possibly believe that such minor incidents are the primary reasons for divorce. Yet, these trivialities become unbearable burdens for neurotic personalities when there are more serious underlying economic and cultural differences involved. Burgess and Cottrell find that people who possess infantile personalities, characterized by nagging, pessimistic, domineering, hypercritical, and selfish traits, are poor marriage risks. Love, tolerance, and patience are some of the terms which describe a mature personality.

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[58] Earl L. Koos, *Families in Trouble,* King's Crown Press, New York, 1946, pp. 62 ff. found that one-third of sixty low-income families were broken because of poverty.

[59] L. M. Terman, *et al., op. cit.,* p. 169; E. W. Burgess and L. S. Cottrell, Jr., *op. cit.,* pp. 261 ff.

[60] L. M. Nimkoff, *op. cit.,* p. 497.

Personality deficiencies stem from both hereditary and acquired factors. Physical attractiveness, normal intelligence, and a healthy body, which are traits having to some extent an underlying hereditary factor, are some of the aids to sound personality growth. The more important factors of personality, however, are the emotional and character traits which we acquire from experiences in our families and other groups. Burgess and Cottrell agree with Terman that mature personalities furnish the framework for the building of a happy marriage in which well-adjusted, happy children will develop.[61] "Happy parents produce happy children, who in turn become the parents of happy children" is a truism in the study of successful family life. Likewise, the cycle of despair, in which unhappy parents produce emotionally immature children, continues generation after generation in an unbroken manner.

Students of the marriage problem agree that the basic prerequisite for a good marriage is the mating of two persons who can engage in give-and-take relations, that is, who can make reasonable compromises rather than indulge in obstinate emotional tirades. Terman finds that unhappy wives are often sensitive, easily discouraged, and inclined to worry needlessly about unimportant things.[62] According to the same writer, unhappy husbands are apt to be gloomy, despondent, antisocial, and irregular in their work habits. Burgess and Cottrell believe that the *only* child is more often selfish and unhappy in his marriage relations.[63] Harriet Mowrer finds that wives who seek to escape their family obligations by retreating into a state of feigned illness are often only-children who were pampered by their parents.[64] Reginald Robinson, in a study of over 4,000 families from which delinquent children came, has recently reported that 56 per cent of these families were broken by emotional and personality factors.[65] Unstable, problem children develop in those homes where the children were either overloved or overprotected by too-zealous parents, or else where the children were rejected by indifferent or hostile parents. These children may grow up to be poor risks for successful family life. Frequently, the parents of these maladjusted children are themselves insecure, emotionally unbalanced personalities. Both parents and children suffer when conflict enters the home. Plant believes that children experience less damage to their developing personality from the divorce of their quarreling parents than from the strain of having to live in a home of continual conflict and periodic separation.[66] In Flaubert's *Madame Bovary*, we have a fictionized story of an overprotected girl who tries to find happiness by escaping into a dream world of romance. Later, her attempts lead to the sort of tragedy which a more realistic home life in her childhood might have forestalled.

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[61] E. W. Burgess and L. S. Cottrell, Jr., *op. cit.*, pp. 90–113; L. M. Terman, *et. al., op. cit.*, pp. 202–236.

[62] *Ibid.*, pp. 146, 153.

[63] E. W. Burgess and L. S. Cottrell, Jr., *op. cit.*, pp. 107–108.

[64] Harriet R. Mowrer, *Personality Adjustment and Domestic Discord*, American Book Co., New York, 1935, pp. 88–108.

Prospective brides and grooms might do well to evaluate their own and each other's personalities. Prevention of marital conflict may be easier than finding a cure after the marriage has occurred. Since the personality traits which we have before marriage tend to persist and to control our behavior after marriage, the period of courtship ought to provide sufficient time and variety of experiences for a thorough exploration of the personality of the future husband or wife.

Few of us possess those enviable, mature personalities which can handle all emergencies and conflicts with aplomb, as well as finding the ideal, peaceable solutions. Hence, marriage counselors often suggest that it is desirable to marry those who have a cultural and educational background similar to our own. Thus, we may be able to minimize the occasions for conflicts which we find difficult to resolve. Some of the more important background factors which both the studies of Terman and of Burgess and Cottrell find significant are: common attitudes on sex, kinds of recreation, types of friends, ideals and religion, and intellectual interests.[67]

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[65] Reginald Robinson, "Beneath the Surface," *Survey Midmonthly*, February, 1947, p. 46.

[66] James S. Plant, "The Psychiatrist Views Children of Divorced Parents," *Law and Contemporary Problems*, 10: 807–818, Summer, 1944.

More important for marital success than the cultural background factors are various factors which relate to the child's early home environment. The most prominent of these factors are the degree of happiness of the parents, the harmonious or inharmonious relationships between the parents of the child, and the type of attitudes of the parents about matters of sex. No better single index for measuring one's probable chance for happiness in marriage has been found than the extent to which one believes that his home was a happy one, and that he was a wanted child, loved by his parents.[68]

What are the best ways of predicting one's marital success before marriage? Burgess and Cottrell have devised a marriage prediction scale which attempts to measure the degree to which a person has the attitudes and other attributes which have been found to correlate significantly with marital happiness. No one can say yet that such a prediction scale is a reliable guide by which to select a future husband or wife; but Terman concludes that such a scale can predict marital happiness with as much success as an intelligence test can predict a student's probable success in college.[69] Although marriage prediction scales are still in the pioneer stage, marriage counselors find them useful in detecting cases of extreme incompatibility between individuals before marriage.

Sex Factors in Family Conflicts. Another area in which personality factors produce discord in marriage is the matter of sex. Harriet Mowrer, G. V. Hamilton, Paul Popenoe, as well as other students of the marriage problem, agree that sexual problems are almost universally present in marital conflict and divorce cases.[70] However, little comfort is offered to those people who believe that sexual maladjustments are physiological in nature, and that either a manual on sex techniques or first-hand experience in sexual intercourse will afford the best solution for these maladjustments. Neither is it true that conflicts between husbands and wives over the sexual aspects of marriage are the primary factor in marital discord. Instead, sex difficulties constitute a secondary factor which is more often the after-effect of conflicts in other spheres, such as money or dominance in the home.[71] In other words, if husbands and wives could agree on the management of their homes, on the treatment of their children, and on their own personal desires and ambitions, it is quite likely that the majority of the sex conflicts would be reduced to a state of minor importance. All of the knowledge in the world about proper sex techniques in marriage—important as that information is—will not solve the problem of family disorganization. If sexual maladjustments can be reduced, then other areas of tension may be relieved also. Conversely, if the economic, cultural, and personality factors in marital conflict can be improved, sexual conflicts will be less serious also.

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[67] E. W. Burgess and L. S. Cottrell, Jr., *Predicting Success or Failure in Marriage*, Prentice-Hall, Inc., New York, 1939, Chs. 3–6; L. M. Terman, *et al.*, *op. cit.*, Chs. 8, 14.

[68] *Ibid.*, p. 372. [69] L. M. Terman, *et al.*, *op. cit.*, p. 6.

[70] J. K. Folsom,*The Family and Democratic Society*, John Wiley and Sons, New York, p. 437 summarizes these studies.

Adequate sexual adjustment in marriage depends very much on the attitudes of husbands and wives on such matters as love, sex, and children. If both marital partners enter the marriage relationship believing that sexual desire is a normal and wholesome aspect of human behavior, then their chance for happiness is improved greatly. Improper attitudes about sex derives from inadequate and unscientific methods of teaching sex information. Occasionally, abnormal sexual attitudes may be induced by some unfortunate experience, such as seduction in childhood, or by homosexual practices, or by premarital relations (which may leave feelings of disgust or guilt). But more of our fear and abhorrence of sexual matters originate from our early childhood experiences in our home, church, and school, as well as from the "backyard" gossip exchanged in our play groups. Parents and teachers who are excessively severe in denouncing "sex" as wicked, or who punish minor offenses harshly, may do more to instil wrong sex attitudes in the thinking of small children than right attitudes. Training for the correct sex attitudes should begin early in life, long before the first year of childhood. No scientific evidence exists that suggests that sex instruction need ever go beyond the "book" stage before marriage.

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[71] L. M. Terman *et al.*, *op. cit.*, p. 376.

Many young people today believe that premarital sex experiences are necessary so that one may determine more successfully whether later sexual adjustments in marriage will be satisfactory. Terman, Davis, and Hamilton all report a positive correlation between premarital intercourse and later unhappiness in marriage.[72] The "case for chastity," despite current practices to the contrary as reported in the Kinsey study, is best stated in Terman's words: "Other things being equal, one's chances of marital happiness are at present favored by the selection of a mate who has not had intercourse with any other person."[73] This conclusion does not overlook the fact that many persons who do have premarital relation have happy marriages also. It is only that the odds are against those who do have such relations. So long as our mores frown upon sex relations before marriage it will be difficult for young people to avoid attaching a moral stigma to premarital relations, an attitude which may color all later sex relations in such a way as to hamper the establishment of good sexual relations in marriage.

In conclusion, it may be noted that other factors of adjustment in marriage are at least as important as the sexual one. Happiness in marriage depends on a complex pattern of interrelated forces. Some of the more important of these factors are: the possession of happy dispositions and a good degree of emotional maturity; the capacity of mates to love one another to the extent that they can sacrifice their personal egos for the sake of agreement on such matters as children, money, and sex relations; and the acquisition of scientific, wholesome attitudes on sex.

FAMILY REORGANIZATION

Since a disorganized family fails to satisfy the basic human desires for which it was intended, what can be done to protect or to reorganize the American home? Once conflict reaches that breaking point at which the divorce court or separation seems inevitable, remedial measures, as a rule, are ineffective. Much disagreement is found among those students of the family who make recommendations for the improvement of the family, so that at best any recommendation ought to be labeled a suggestion.

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[72] L. M. Terman, *et al., op. cit.*, p. 321; G. V. Hamilton, *op. cit.*, p. 225; Katherine B. Davis, *Factors in the Sex Life of Twenty-two Hundred Women*, Harper and Brothers, New York, 1929, p. 59.

[73] L. M. Terman, *et al., op. cit.*, p. 329. By permission of the publisher.

Improvement of Marriage and Divorce Laws.[74] A more uniform standard of requirements both for marriage and for divorce for all of the United States would be desirable. Some students of the problem suggest a national divorce law, but it will be years before public opinion will delegate this function of the states to the Federal government. In the meantime, the states might try to find the "golden mean" between the extremes of such states as New York, where divorce is permitted for adultery only, and Nevada, where a divorce is granted after six weeks' residence on a loosely intercepted charge of "cruelty." Scientific counseling in divorce cases ought to be a commonplace adjunct of every divorce court. For example, the Court of Domestic Relations of Dayton, Ohio, has reconciled about 20 per cent of the cases which were brought before it; but this is a far better record than that of the average court of domestic relations.[75] Some experts believe that adequate provision for the financial support of children is needed, and that provision should be made for allowing some period of time, a year or two, to elapse between the opening of a divorce suit and the granting of the final decree.

Many writers on the subject think that it might be desirable for all states to raise the age of consent for marriage to a minimum of sixteen years, and preferably eighteen years. Many believe that common-law marriages ought to be recognized no longer. Some twenty-eight states now require premarital health and blood examinations, a measure all states might be expected to adopt. Probably a waiting period of one week to a month between the issuance of a marriage license and the performance of the wedding ceremony would reduce the number of elopements and hasty marriages. Some twenty states now require some waiting period, usually less than a week.

The public needs to face the problem frankly of legalizing birth control clinics and contraceptive measures. Although such a step was voted down by the people of Massachusetts in 1948, the trend of public opinion, court decisions, and legal action by many states is in the direction of greater liberalization of birth control rather than otherwise.

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[74] Harriet S. Daggett, "Reflection on the Law of the Family," *Annals of the American Academy of Political and Social Science*, May, 1947, pp. 120–127, offers many suggestions for reforms.

[75] L. M. Nimkoff, *op. cit.*, p. 701.

Economic Security for the Family. A young married couple learns very soon that two cannot live as cheaply as one, and that love is not a substitute for bread. Baber states that if society is to maintain the monogamous marriage and to avoid juvenile sex delinquency then it must provide the means by which youth can marry and establish a home at an earlier age.[76] Economic security means a decent, comfortable standard of living for the American family. It means adequate health care, protection against the hazards of sickness, old age, and unemployment. Until society can provide what Americans believe is a proper standard of living, thrift and proper budgeting may help stretch the family income. Sometimes newly married persons accentuate their financial problems by expecting to maintain a home on a par with that of their parents. More and more the "working wife" will be socially approved, and thereby approved by the husband also. This will help materially the family income in the years when there are no young children to rear. The United States may someday find it socially expedient to adopt some plan of family subsidy for parents who have small children. Such a plan should not be designed for just bigger families, as the Nazi German plan was. France adopted a "baby bonus" plan in 1946 which pays a young couple, in the form of a loan, about $168 per child up to five children. Family aid in the form of larger income-tax exemptions for children and more public services in the form of health and educational services might well be tried before the nation adopts any plan of direct family subsidies.

Education for Marriage and Parenthood. "Marriage fails, not because getting divorced is easy, but because learning to live together is so hard." In this quotation lies the modern approach to family reorganization. Tremendous interest has grown in family education during the past twenty years. The first college course on marriage was organized about 1924. Currently more than six hundred such courses are given in American colleges and universities. Marriage and family-counseling clinics, religious groups, and a host of professionally trained experts are now busy teaching the married-to-be and those already married. Leaders of all religious faiths urge family education, either through the churches or through the schools and other public agencies. Most of the large cities now have publicly or privately supported family agencies which are interested in promoting sex and family instruction.

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[76] R. E. Baber, *op. cit.*, p. 568.

Major emphasis is now being placed on family-life education in the public schools. Education for parenthood and sex begins in the kindergarten and continues through college and adult education classes. Formal courses for family living usually begin in high school. Burgess and Locke believe that family education ought to be given in the first two years of high school, so that the majority of future fathers and mothers could be reached before they left school.[77] Such courses in high school and college stress the importance of good personalities, the value of wholesome religious and moral ideals, and frequently the importance of selecting mates who have a common emotional and cultural background. Instruction in proper attitudes toward courtship, sex in marriage, child care, and other family matters are given also. Such high school courses are now in operation in many of the country's high schools. A good example is found at Highland Park, Michigan, where instruction in marriage and family life is given to girls and boys in the senior year.

There is no easy road to family stability. The improvement of the family rests upon the ability of the United States to give its families adequate economic security and sufficient enlightenment in the art of "human living." Since good adjustment in marriage depends greatly on personality factors, our schools need to do a better job of building unselfish, cooperative, mature personalities than is usually true today. Good living, in family or state, prospers only when well-adjusted persons practice the virtues of tolerance, moderation, love, and emotional maturity. If social change creates social problems, then our family moralists must recognize the wisdom of investigating desirable reforms in the field of marriage and family standards. If we are to nullify the prediction of one divorce in every two marriages by 1965, these new moral standards should incorporate such innovations as birth control, sanction of the working wife, public subsidies for family aid, sex and family education, and the democratically controlled home.

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[77] E. W. Burgess and H. J. Locke, *op. cit.*, p. 732.

TERMS TO BE UNDERSTOOD

marriage
family
monogamy
polygyny
polyandry
matriarchy
patriarchy
filiocentric home
exogamy
endogamy
emotional security
parental overprotection
marital prediction scales
family disorganization
desertion
separation
divorce
egalitarian family

QUESTIONS FOR DISCUSSION

1. In what ways are the family systems of most societies similar? Dissimilar?
2. Why do we say that there is no universal best or right form of marriage and the family? When might polygamous marriages be more desirable than monogamous marriages?
3. Give an example of a culture lag found in the American family system today. What would you suggest be done so that this "lag" might be eliminated?
4. Illustrate some of the changes in the economic functions of the family during the past generation. Also, illustrate some of the changes in the parental or protective functions of the family.
5. What are some arguments for and against "planned parenthood"? Is it probable that general use of contraceptives might destroy the American family?
6. What is your view concerning the "case for chastity" in the courtship period? In the engagement period?
7. How do you explain the apparent contradiction in the facts that the United States is both the "most married" and also the "most divorced" nation in the world?
8. Do you believe that most young people plan to have children when they marry? If so, how many children? What can be done to increase the family size in the United States?
9. Should married women work? Would the presence of small children in the home make any difference in your answer?
10. What are some signs of a happy marriage and home? What are some essentials for happiness in marriage? What qualities would you like to find in your prospective marital mate?

11. How does parental overprotection contribute to unhappiness in marriage? Describe an overprotected person.
12. Locate in your community the Court of Domestic Relations. Do the same for all other associations for the promotion of better family relations.
13. What are the principal causes of divorce? Would a uniform divorce law for the United States be desirable? Why?
14. Does your community offer any educational opportunities for young people to prepare for marriage and parenthood? What are the churches and schools doing? Discuss the view that family education should be restricted to churches and homes, and not be taught in the schools. How early in life should sex education begin? What topics do you think ought to be discussed in a high school course on family living? In a college course?

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Chapter Seven

ASSOCIATIONS AND SOCIAL GROUPS

Wherever people are found, they live in groups. From the moment of birth, man is dependent upon others for his very survival. From this primary association he learns to depend upon others, not only for sustenance and protection, but for most of his satisfactions as well.

Our daily lives are carried on in association with various groups of people. We belong to a family, and are born into a social stratum or social class. Most of us are members of a particular religious group. Children and most young people are identified with educational groups of one kind or another. Many of us belong to some congeniality group, clique, club, gang, or fraternal order. Most adults participate, at least periodically, in political parties and in local, state, and national civic life. It is the purpose of this chapter to consider how human beings are organized to satisfy human needs and interests.

Organization is an effective device to satisfy the particular needs, interests, and desires of groups. Thus it is that human beings are organized for as many purposes as there are conceivable human interests: the family, health, recreation, business, labor, education, religion, political parties, defense, and many special-purpose associations which have come into being in our modern society.

Social organization consists of all the ways in which men live and work together, including all of the informal groupings into which men fall and the spontaneous social structures with which they become associated, as well as all the purposeful, ordered, and coordinated relations of the members of a society. *Social organization* is the term used to describe the informal and formal, unconscious and deliberate, transitory and permanent, specialized and all-embracing, voluntary and coercive groupings of people, including all of the institutions and complex interrelationships which make up the framework of human existence. More briefly, it is "specialization plus cooperation."[1] Any particular organization, whether it is a family, a church, a labor union, a ladies' sewing circle, or an Indian tribe, is a number of persons interacting regularly to satisfy certain needs or wants.

Throughout human history and prehistory, the primary unit of social organization has been the family. One of the most significant recent changes which has occurred in Western civilization and particularly in American society has been the transfer of most traditional family functions to other groups.[2] One by one, activities and functions which were a normal part of nineteenth-century family life have been taken over by the factory, by community institutions, and by the state.

As the family has lost its importance as an economic producing unit, other forms of economic organization have become increasingly important. Children and youths have become progressively less attached to family life and more attached to other and newer forms of association. For example, the educational institution, with its public schools, Sunday schools, nursery schools, and adult organizations, has greatly supplemented, and even replaced, the educative functions of the family. The family was the agency to which the individual turned for security and protection in times of ill health, unemployment, and old age. With the decline of these family functions, a large number of voluntary organizations have been developed to take over the security functions which were no longer satisfied by the family. Various types of public, private, philanthropic, and commercial organizations and agencies have come into being to care for the young, the dependent, the aged, the sick, the handicapped, and even the dead, furnishing assistance to the individual "from the cradle to the grave."

THE NATURE OF SOCIAL GROUPS

The term *group* is basic in the study of society. It refers to the association of any number of individuals who affect or stimulate one another in some way, or who can be thought of as belonging together. Mere physical proximity does not make a group. Interaction and reciprocal influencing of members are fundamental attributes of the group. The size of a group may vary from two persons to the entire population of the world. The interaction or communication of members of a group does not need to be face-to-face; it may be indirect, as through writing, or through such instruments as the radio and the telegraph.

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[1] A. G. Keller, *Man's Rough Road,* Stokes and Co., New York, 1932, p. 88.

[2] See *Chapter Six.* "The Family."

This concept of the social group may be more meaningful when it is distinguished from other kinds of human groupings, such as the aggregation, category, society, community, institution and association.

An *aggregation* is a collection of persons who are bound in a physical sense by something other than intercommunication; that is, there is spatial proximity but not necessarily interaction. The population of a given area, a street crowd, a theatre audience, are examples.

A *category* is a number of persons who are *thought of* collectively, whether or not they are assembled together or there is communication between them. College students are a category, as are all 18 to 21-year old males, all barbers, or all people with incomes of $5,000 to $10,000 in the population of the United States. A category refers to a number of people who have one or more characteristics by means of which they may be distinguished from the members of other categories. Sociologically, none of these are groups, because they are not in reciprocal communication.

In its broadest sense, the term *society* designates human relationships. These relationships may be conscious or unconscious, traditional or contractual, coercive or voluntary, cooperative or oppositional. There are relationships which are civil or religious, amicable or inimical, sentimental or rational. In short, society embraces the entire range of contacts entered into by human beings with their fellows, and the reciprocal influences and actions which those relationships involve.

More narrowly considered, *a society* designates a group of people who have a set of habits, ideas, and attitudes in common, who have some consensus which enables them to act collectively.

that is, as a unit, and who are often separated from other societies by attitudes and actions indicative of either antagonism or indifference. Within any given society, there exist all kinds of interconnected groupings of persons for more specialized social purposes. These we shall examine shortly.

A *community* is a group of people occupying a limited territory, among whom there is some degree of interdependence and a division of labor, and who share more or less in a common culture. Within the community are various groups through which members carry on the most essential economic, educational, religious, political, and recreational activities. The organization of a community can be seen in terms of the interrelationships among the various social institutions which are contained within it.

The term "association" needs to be distinguished from "social institution," since the two are often used synonymously. Briefly, *institutions*[3] are organized, long-established, relatively permanent ways of satisfying fundamental human needs and interests. They tend to crystallize into definite structures. The educational institution, for instance, is structurally represented by the school, and the religious institution by the churches.

Associations are the organizations of individuals and groups having common interests, specific objectives, and specifically stated or implied rights and duties. Thus, within the institution of the school there may be a teachers' organization, a parent-teacher body, or an association of alumni. Within the institution of the church there may be an organized congregation of members or of such functionaries as ministers or choirs. Associations, in contrast with institutions, are less permanent and less universal group organizations, their functions are more specialized, and they are considered less important to society as a whole. Associations (known also as "organizations" and "agencies") never contain within themselves all the persons functioning in a given institution. Our religious institution, for example, is served by many associations, such as the Young Men's Christian Association, the Young Men's Hebrew Association, and the Catholic Youth Organization. The functions of religion are discharged through hundreds of particular church bodies or congregations. In addition, millions of people who do not belong to churches entertain religious beliefs. Yet all these functions exist within the totality of the religious institution. Similarly, within the framework of the economic institution may be found a vast number of business, labor, and management organizations, each representing but one aspect of the larger economic institution.

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[3] To be discussed more fully later in this chapter.

FORMS OF GROUP LIFE

Social life takes on a variety of forms, some long-lasting and closely knit, others temporary and loosely organized, and with various degrees of influence upon individuals. Many attempts have been made to classify social groups for purposes of analysis and study. One such analysis gives us the following tentative classification.[4]

First, there are an endless number of large or small, spontaneous, short-lived, and vaguely defined groupings, known as crowds, mobs, and mass movements. These have the least organization, and the least capacity for efficient, constructive action.

Second are those natural, large or small, rather permanent groupings within specific geographical areas known as local communities, villages, towns, cities, tribes, and nations. These groupings have many folkways, routine is closely observed, and many needs are satisfied.

Third are those relatively permanent groupings *within* the villages, towns, cities, and tribes called families, churches, factories, stores, schools, courts, and many others. These are organized primarily for the satisfaction of *one or two specific needs.*

Fourth are the *abstract collectivities,* those giant organizations perceived by no one and not belonging to any one locality; they are abstractions which have to be imagined and *conceived.* These abstract collectivities fall roughly into two kinds: (1) There are the widely inclusive *social classes*—worker classes, middle classes, rich classes, aristocratic classes, etc. Each of us, at any given time, belongs to some such grouping. (2) Then there are the large organizations, of which the smaller local organizations are parts. For example, the local Ladies' Aid Club is not alone in the world; it is connected with the philanthropic groups of the entire state, which are but a small part of the grand total of social welfare groups.

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[4] F. E. Lumley, *Principles of Sociology,* McGraw-Hill Book Co., New York, 1935, pp. 184–5.

Groups have also been differentiated in terms of their function, degree of permanence, status, whether they are public or private, sanctioned or unsanctioned, horizontal or vertical, primary or secondary, and so forth. Each type of classification represents a particular way of looking at groups or emphasizes particular functions of groups. The criticism most often brought against such classifications concerns their arbitrary lines of division, since, in modern society, there is much overlapping between groups. So many complexities are involved in classifying groups into types that there can be no single classification acceptable to all sociological scholars. However, mention of some group characteristics upon which classifications are based may be helpful in understanding the basic nature of social groupings.

Size. A group may vary in size from two persons to a group which will include all the people of the world whenever some means for their intercommunication is devised.

Choice. Participation in some groups is compulsory. The child in his family, the inmate of a penitentiary, or a drafted soldier are examples of group participation about which there is no choice. Participation in occupational, recreational, and other special interest groups are seemingly matters of choice, but there are always some limitations upon a person's free choice of anything. Between the extremes of "free choice" and outright compulsion is the participation in a group because of "pressure"; in other words, participation is voluntary in a limited way. Men do not have to work in mines, but there may be no other way of making a living. If one wishes to play baseball one virtually has to belong to a team. All gradations of choice may be found in the various "voluntary" groups to which we belong.

Duration. Groups may vary in duration from those which are temporary, even momentary, to those which last the member's lifetime or for many generations. Such groups as the family, church, and state are relatively permanent. Other group participations, such as those of college students, last for a briefly fixed period, while still others last only a matter of minutes. The crowd is an example of a temporary group, transitory in nature.

Primary Groups. Group associations have been differentiated in terms of the *intimacy* of their relationships. Thus there are "primary" and "secondary" groups. Primary groups are characterized by close association between members, usually on a face-to-face basis.[5] Direct contacts, however, are not always essential to the intimate relationships of the primary group; the intimacy may exist in spite of physical distance. Primary groups are so called because they are the first groups into which we are inducted, and because they are fundamental in forming our social nature and ideals. Through them we acquire language, religion, and various characteristics, notably a sympathy and identification with the group. The major groups characterized by this intimate association and cooperation are the *family*, the *play group*, and the *neighborhood*. The play group, for example, composed of children of a particular community, generally represents the first group outside the family in which the child learns to cooperate with others.

Three other primary groups should be mentioned: the congeniality group, the comradeship, and the gang. The *congeniality group* is characterized by a more or less conscious association of individuals based upon common interests and habits. It is usually confined to leisure-time activities, is informal in character, and lasts only so long as the persons come into direct contact with each other. The *comradeship* is an association of two or more persons arising from intimate, face-to-face contact, and appears at all ages from childhood to old age. The pairing off may be between members of the same sex or of opposite sex. The childhood *gang* arises out of the play group, but is sometimes integrated and formalized in a more permanent fashion.

Secondary Groups. Secondary groups, in marked contrast with the primary groups, consist of forms of participation which are characterized by casualness of contact, formality, indifference, and impermanence. Contacts may be indirect, or they may be face-to-face, yet impersonal. Participation is based, not on the mutual understanding and sympathy of the primary group, but almost entirely on the fulfillment of specialized interests or needs. In fact, secondary groups are often called "special interest groups." Unlike the primary groups, which arise spontaneously, secondary groups are consciously organized. Secondary groups are illustrated by the nation, the political party, the religious body, various organizations of employers and employees, all sorts of clubs, lodges, and recreational-esthetic societies.

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[5] C. H. Cooley, *Social Organization*, Charles Scribner's Sons, New York, 1915. Also see Ellsworth Faris, *The Nature of Human Nature*, McGraw-Hill Book Co., New York, 1937, ch. 1, "Primary Group: Essence and Accident.

Primary and secondary groups should not be thought of as two distinct categories, into one of which every group can be classified. Groups differ from one another not categorically, but in the degree to which the behavior of the members is characterized by attributes of primariness and secondariness as discussed above.

In-Groups and Out-Groups. Another significant differentiation between groups, is that of the *in-group,* or *we-group,* and the *out-group,* or *others-group.* This distinction is found in all societies, primitive and modern. The in-group is one whose members evince loyalty, solidarity, friendliness, and cooperation toward one another. Man's deepest sentiments of love, friendship, sympathy, and understanding are expressed within the in-group.

The out-group is any association of individuals or groups toward which the in-group feels a sense of estrangement, distance, distrust, dislike, scorn, aggression, fear, or even hatred. It is any group toward which we have no feelings of loyalty, mutual aid, cooperation, or sympathy. "Our family," "our neighborhood," "our school," "our religious organization," and "our race" are deemed superior to any others. Ridicule and insults are often used to label out-groups for easy reference. Liberals are "crackpots," brain-trusters, or Communists; Negroes are unreliable; foreigners are dirty; Jews are money-grabbers . . . these are some of the unfounded stereotypes that in-groups invent to categorize out-groups with whom they are not familiar. Frequently such epithets merely disguise feelings of fear, insecurity, and envy.

The strong preference which members of an in-group feel for whatever is connected with their own social group is termed *ethnocentrism.*[6] All values are scaled to the values prevalent within their own group. Their particular ways of life are the ideal, the only right and worthwhile modes of conduct, while the ways of life of others are regarded with feelings ranging from indifference to disrespect or even open hostility. These preferential feelings vary with different groups. In one case the in-group feeling may be very intense, as within a family or a church, while in other cases in-group and out-group feelings are more varied, even overlapping. All peoples are ethnocentric to some degree. It is important to remember that, just as Americans consider their laws, customs, and institutions better than those of any other group, so other nations regard their ways as superior.

Vertical and Horizontal Groups. In addition to primary and secondary, and in-group and out-group contacts, the organization of society can be better understood by a division into vertical and horizontal groups. *Vertical* groups are made up of persons from a variety of social strata, differing in social class, economic standing, or intellectual attainments. Vertical groups may be political, religious, racial, familial, and recreational. The church, for example, embraces members of widely different social and economic standing. *Horizontal* groups, on the other hand, are made up of members who are on about the same level of society, whether in terms of economic status, achievements, prestige, or the like. A particular horizontal group occupies a position relative to the other groups, that is, "higher" or "lower," according to the recognition it gains in the system of social stratification of society.

Each of the above-mentioned classifications, as well as various others which sociologists have made, is useful in helping us understand the nature of groups because the classification emphasizes a particular group attribute. Actually, no group is so clearly defined nor so isolated from other groups, and there is considerable overlapping.

SOCIAL CLASSES

A social class is a horizontal division of society embracing persons having essentially the same privileges and status. By *status* is meant the rank or position of a person with reference to others in the group. Thus, the fundamental attribute of a social class is its social position of relative superiority or inferiority to other social classes. While status is a subjective factor, it also involves objective elements, such as income levels, occupational differences, educational attainments, distinctions of religion, race, nationality, and culture within the society. These differences alone do not establish a cohesive group. It is the sense of status, sustained by the distinctive privileges and modes of life corresponding to them, which differentiates class from class, gives cohesion to each, and stratifies a whole society. This sense of having a common status and a common set of interests with one's fellow class members, and a differentiated status and set of interests from other classes, leads to the feeling of class consciousness and a corresponding feeling of class conflict.

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[6] William G. Sumner, *Folkways*, Ginn and Co., Boston, 1906.

Although social classes are not defined in purely economic terms (for example, in the Hindu caste system there are class differences which do not correspond to economic differences), probably the most common interpretation of social classes involves economic status. The association between occupations and social classes is, with some qualifications, an historically intimate one and has furnished the basis for frequently used, albeit arbitrary, criteria of class status. Classes based on the nature of occupations may be temporary and useful mainly for purposes of classification, or they may be relatively permanent in the sense that certain classes assume superiority while others accept an inferior role. Thus, white-collar workers regard "wage-earners" as a lower class, although the white-collar workers may have less income. The division of labor and the specialization which have developed to meet the needs of society become the basis for unequal distribution of power and privilege, hence, for social stratification and for domination and subordination, such as may be exemplified by slavery.

On the other hand, occupational classes or income levels may be used merely as a basis for statistical classification. Farmers, as a class of working people, are set over against labor, both in the census classification and in the assumed interests of each. Owners, managers, and professional workers, divided into various groups, are often set over against "the common man." White-collar workers are usually contrasted with those in occupations which are mechanical or imply physical labor.

Not only economic classes, but what are usually called the *ruling classes,* comprise major parts of the totality of class distinctions in society. All societies, however simple or complex, may be viewed from the standpoint of who rules and who is ruled. The emergence of a ruling group or class inevitably gives rise to privilege and eventually to exploitation. In the course of time the group that is developing into the ruling class may become an aristocracy. It is in some such way that we can understand the use of the terms "democracy," "oligarchy," "statocracy," "theocracy," "monarchy" and "dictatorship," and the significance of such movements as liberalism, socialism, communism, fascism, anarchism, conservatism, nationalism, and the like.

Practically, the significance of a class system is that it determines to a great extent the social or 'life-chances" of people, that is, the probability of their securing a high standard of living, freedom, leisure, prestige, or whatever things are highly valued in a given society. Ogburn and Nimkoff point out the extent to which social chances of different economic classes in America vary:[7] (1) Infant mortality decreases with increasing family income; (2) the poorest people are most frequently sick, yet they receive considerably less medical attention than those with higher incomes; (3) the incidence of various types of social problems such as juvenile delinquency, child neglect, mental disorders, tuberculosis rates, and death rates shows a high correlation with social class position, the families on the lowest levels of income furnishing the greatest incidence of problems; (4) those who are in the lower classes do not stand as good a chance of getting a college education, nor of obtaining justice in the courts, as those higher up in the social scale.

Class and Caste. In considering class difference, the assumption is that members may move from one class to another. Where such movement is relatively easy the class system is known as an "open-class system." Caste, on the other hand, is a "closed-class system" of social stratification in which status, occupation, and way of life is based on birth and transmitted culturally from one generation to the next, as, for example, in the caste system of India. The members of a caste cannot rise to a higher caste, and the caste system is so inflexible that even the ambition to rise is effectively suppressed.

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[7] W. F. Ogburn and M. N. Nimkoff, *Sociology,* Houghton Mifflin Co., Boston, 1940, pp. 311–315.

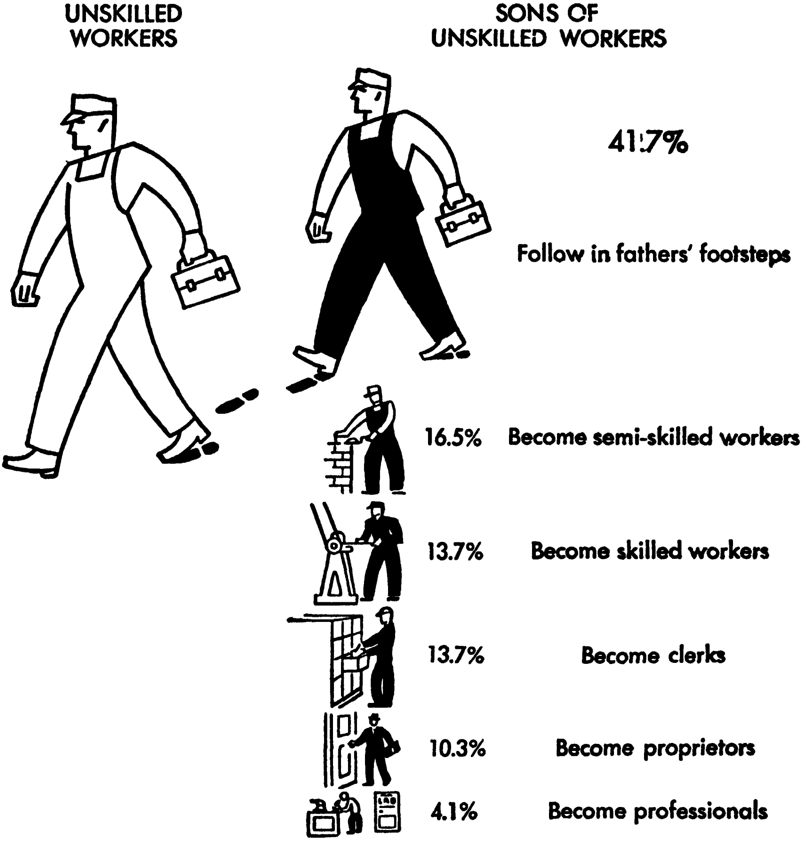

FIG. 9. Stability of the Social Classes.
Though an individual in America may move from one class to another, statistics on the occupations of fathers and sons show that for the most part the occupations of the sons are in the same economic class of those of their fathers. (Based on data from P. E. Davidson and H. D. Anderson, *Occupational Mobility in an American Community,* Stanford U. Press, Stanford, 1937.)

Class in the United States. Despite the insistence that "all men are created free and equal," classes do exist in the United States. Moreover, the great majority of individuals, contrary to the assumption of free mobility in our class system, remain in the classes into which they were born. (See Figure 9.)

Generally, three classes are indicated in America: the lower, the middle, and the upper classes. The lower class is poor, the upper rich, and the middle class has a wide range in between. However, this is a purely arbitrary division, and the lines are almost impossible to discover. Attempts to define the membership of these classes have been far from satisfactory. In the census classification of occupations, for instance, farmers are treated as one category whether tenants or owners; all professional persons are grouped together regardless of income. However, there are some figures on incomes of occupational groups as follows:

TABLE VI

AVERAGE INCOMES OF NON-RELIEF FAMILIES IN SEVEN OCCUPATIONAL GROUPS, 1935–36

Occupational Group	*Mean*	*Median*
Farmers	$1259	$965
Wage-earners	1289	1175
Clerical	1901	1710
Independent business	2547	1515
Salaried professional	3087	2100
Salaried business	4212	2485
Independent professional	6734	3540

Source: *National Resources Committee, Consumer Incomes in the United States, 1935–36*, Government Printing Office, Washington, D. C., 1938.

In terms of power, the most significant group in America is what may be called the "aristocracy of wealth." It has frequently been pointed out that a majority of the wealth of America is owned by a small fraction of the people, perhaps 2 per cent. This group becomes a class insofar as the children of the wealthy are able to set up certain patterns of leisure, recreation, expenditure of money, and social life, and have preferential chances in education, occupational advancement, income, prestige, and power.

Those with the highest social-class status, sometimes called the "aristocracy of blood," are generally those who have been wealthy for a long time, allowing the family reputation and prestige to become firmly established. Notable examples are certain families of New England and of the Old South. The status of upper-class

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[8] From Ogburn and Nimkoff, *op. cit.*, p. 321.

position is often retained for several generations by families that once had great wealth but have it no more.

Other broad differentiations which Americans tend to make between special classes and the great groups of common men are:[9] the "ruling class," such as exists in Washington and in some state and city governments where large groups of politicians have developed; the intelligentsia or urbanized intellectual groups; distinctions between the urban and rural classes, between capital or management and labor; and finally, the military class, or caste, system.

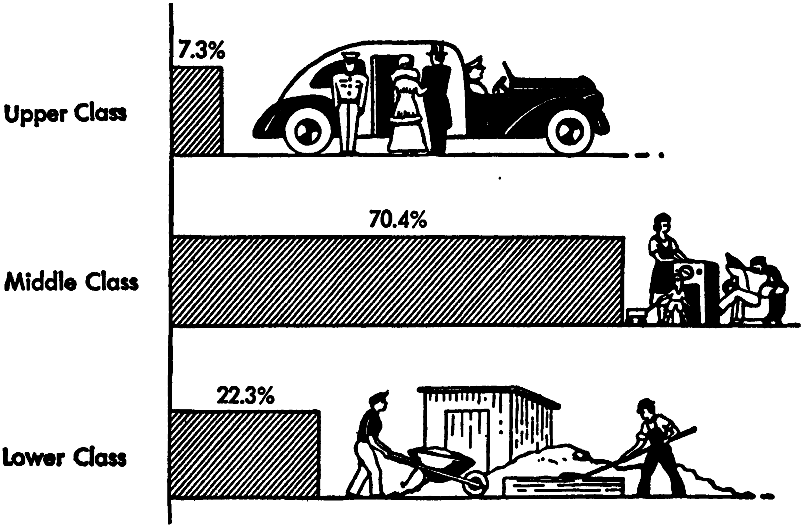

FIG. 10. Most people say they are "middle class." (From William F. Ogburn and Meyer F. Nimkoff, *Sociology*, [Boston: Houghton Mifflin Company, 1940], Fig. 49, p. 331. Data are from *Fortune* Survey, February 1940, p. 14.)

In the main, class consciousness in America has so far not been sufficient to lead to any substantial class organization as such. Far from an increasing lower or proletarian class sentiment, recent surveys have indicated that those on lower income and occupational levels regard themselves as definitely "middle class." Thus, the *Fortune* survey, illustrated in Figure 10, showed that over 70 per cent of the American population count themselves among the "middle class."

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[9] H. W. Odum, *Understanding Society*, The Macmillan Co., New York, 1947, pp. 606–608.

ORGANIZATION OF GROUPS

A great deal of social organization is the result of conscious planning. However, many organizations function effectively without having been consciously planned for any purpose. The institution of the family, for example, developed without conscious planning. While family organization is highly complex among some peoples, it was not purposefully planned, as, for example, was the organization of the United Nations.

How do people become organized into social groups? In the first place, they collect in particular places to perform basic activities such as gathering food, sleeping, trading, playing, worshiping, and so forth. These activities are to satisfy the needs, which are present, and are performed time and again because the needs recur. Insofar as individuals meet their needs in a similar manner, common or social habits develop which represent unified group life.

The orderliness of group behavior is based upon adherence to various accepted or sanctioned usages of society, ranging from folkways and mores to social institutions. These modes of behavior vary in structure, rationality, and in the degree of compulsion associated with them.

Folkways[10] are the simple, popular usages of a group that designate standardized ways of doing things. They have to do with manners, rules of courtesy, and traditional practices of a particular folk, such as eating vegetables with a fork, tipping the hat to a lady, and building houses in a certain way. Though the group frowns upon violation of the folkways, nonadherents do not necessarily suffer severe group disapproval.

The *mores* represent particular ways of doing things which are considered essential for the welfare of society. They involve moral judgments and attitudes of what is right and wrong for the group, and embrace the most significant aspects of social life: relationships between the sexes, childbearing and child-rearing, injury or destruction of life and property, and ethical relationships with others.

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[10] W. G. Sumner, *Folkways*, Boston, Ginn and Co., 1906.

Violation of the mores is considered serious, and the group shows its displeasure by ostracizing the violator or, in some cases, by completely removing him from the group. Wearing a formal gown to the classroom would be a violation of the folkways, and it would merely be considered incorrect and in poor taste. On the other hand, were one to appear in the street without any clothes, he would encounter serious difficulties.

SOCIAL INSTITUTIONS

As men living in groups find ways of satisfying their recurrent needs, there arise in society certain standardized and relatively persistent and continuous systems of interaction. These are referred to as *social institutions.* They are the organized habits which every member of a group has in common with every other member. The efficiency of any social group in achieving its goals is to a great degree dependent upon the effectiveness of its institutional arrangements.

Originating in the distant past, the product of ages of trial and error and countless slow accretions, the basic institutions have become so deeply ingrained in the habits of mankind that they seem to possess an everlasting life. Moreover, the major social institutions have existed and do exist in all places, among all classes of people. Some form of marriage and the family, of economic, religious, educational, and political systems, are found throughout the world.

The relatively permanent ways of acting which have been systematized and sanctioned by society—along with the ideas, attitudes, and material objects related to the fulfillment of group needs and wants—are the chief components of institutions. Both the folkways and mores are elementary parts of our major social institutions. The institution of the family, for example, can be analyzed into a great number both of elementary relationships of relatively little importance (folkways) and of more complex usages to which vital importance is attached (mores). The relative proportion of each of these differs markedly with given institutions.

Institutions begin in the folkways, but differ from them in that they are more conscious, more formal, and more utilitarian. They are organized around a central concept or interest, and have a definite structure within which people cooperate in prescribed ways on certain occasions. The "structure" of any institution consists of the various prescribed ways of acting assigned to its members and the implements necessary to carry out the central concept or idea underlying the institution.

Structure of Institutions. As previously noted, social institutions are important chiefly because of their activities or functions. These functions are carried out by an organization of some sort. Sumner analyzed the structure of all social institutions as consisting of personnel, equipment, organization, and ritual. By *personnel* is meant the qualified and recognized members of the group who serve as the functionaries, such as teachers in the educational institutions, ministers or priests in the religious institutions, and lawyers in the legal institutions. By *equipment* is meant the possessions—both material and nonmaterial—of the group through which the members function. In the case of the church, for example, the material or physical equipment may include the church edifice, altar, and hymn books; the nonmaterial possessions include such things as a creed, reverence, and the history of the church. The *organization* of an institution is the particular way in which its personnel and equipment are arranged. The *ritual* consists of all the customs, rules, and regulations by which the behavior of members is regulated. In the family, for example, there is a definite ritual not only for its inception, the wedding or marriage ceremony, but also for its dissolution, divorce.

A further analysis of institutional characteristics, as applied to five major social institutions, appears in TABLE VII.[11] The structure is divided into six parts: symbolic culture traits or "symbols," which are charged with sentimental meanings for the group; utilitarian culture traits, or material objects, to satisfy physical needs or wants for warmth, shelter, etc.; oral accounts or written documents, to specify the particular elements entering into given institutional patterns; ceremonials and rituals, which make up the overt behavior

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[11] M. H. Krout, *Introduction to Social Psychology,* Harper and Brothers, New York, 1942, pp. 274–5, from F. S. Chapin, "Latent Culture Patterns of the Unseen World of Social Relations," *Amer. Journal of Sociology,* 1934, 11: 61–68.

TABLE VII

AN ANALYSIS OF SELECTED SOCIAL INSTITUTIONS

Institutional Pattern	*Marital-Familial Ways*	*State Ways*	*Religious Ways*	*Industrial Ways*	*Educational Ways*
Associated Symbol (Collective representation)	Wedding Dress Marriage Ring Family Name Coat of Arms Heirloom	Flag Seal Anthem	Buddha Star Cross Crescent Ikon Idol Rosary Shrine Hymn Halo	Trade-Mark Patent Sign Union Label	Banner School Colors Caps & Gowns Uniform Pin Emblem
Utilitarian Value	Home Equipment Personal Property (Shared)	Public Bldg. Public Road Warlike Equipment Armory Arsenal Mint Prison	Church Bldg. Temple Sanctuary Vestments Altar Chalice Monastery or Convent Candles	Store Shop Ship Railroad Machinery Money Time Clock	Library books School Bldg. Shop Drawing Room Laboratory Office Classroom Stadium
Document	Marriage License Genealogy Birth Certificate Will	Treaties Constitutions Charters Laws	Creeds Doctrines Holy books Marriage Certificates	Leases Franchises Licenses Contracts Articles of Copartnership Articles of Incorporation Insurance Policies	Grades Diploma Credit Slips Transcripts
Ceremonials and Rituals	Marriage Ceremony Birth & Death Taking Meals Ritual Saying Grace Family Reunion Punishment	Parades Oaths of Office Legislative Procedures Court Elections Policing Imprisonment	Confirmation Prayer Confessional Mass Burial Rites Christening Circumcision Baptism	Punching Clock Employment Discharge Directors Meeting Investment Strike Boycott	Admission Class Discussion Examinations & Quizzes Graduation Disciplinary Action Assemblies Games Faculty Meeting Pep Meeting
Enforcing Agents or Agencies	Parents Grandparents Uncles Old Brothers or Sisters	Chiefs Kings Presidents Governors Policemen Judges Army, Navy	Priests Shamans Rabbis Ministers Deacons Bishops Synods	Employers Foremen "Strawbosses" Arbiters of Disputes Walking Delegates Board of Directors	Deans Principals Superintendents Registrars Recorders Teachers Clerks
Basic Attitudes	Submission Rivalry Love Hostility Devotion Antagonism Respect Disrespect (In Relations with Kin)	Patriotism Subordination Superordination Fear of National Groups of Officials Wish for Protection	Reverence Adoration Subordination Fear of the Dead Fear of Life after Death	Cooperation Conflict Competition Thrift Profit Security	Curiosity Loyalty Recognition Striving for Success

aspects of social institutions; specially constituted agents or agencies, which are entrusted with the preservation or enforcement of institutional conduct; and finally, the essence of every institution, the basic attitudes underlying it and receiving expression in the relations of individuals.

Types of Institutions. Institutions have been classified in various ways, with considerable overlapping between the types designated. Sumner[12] proposed a useful distinction between types of institutions: some institutions are *crescive* while others are *enacted*. Crescive institutions, such as marriage and property, represent a slow, cumulative growth, and are developed unconsciously from the mores. Enacted institutions, such as political parties or labor unions, show more rapid growth, and are formed consciously for a particular purpose.

Institutions have also been classified in terms of their fundamental nature as *primary* (sometimes called basic, major, or fundamental) and *secondary*. Man has a few basic needs, such as food, clothing, sex, reproduction, and child care. The primary social institutions throughout all time have centered about such basic needs. The *family*, the basic primary group, is organized on the basis of sex and the rearing of children, and leads outward into kinship organizations, such as the clan. *Economic institutions*, which in modern society include industry, finance, and agriculture, had their early beginnings in activities connected with gathering food, hunting, and fishing. The rigors of hunting often necessitated the formation of large hunting parties. As technology developed, acquisition of personal property such as clothing, tools, houses, furniture, and livestock became quite extensive. A great number of rules centering about the acquisition and disposition of property developed, just as in earlier times there were rules governing activities connected with food-gathering. Economic activities became more numerous and complex as trade and money were developed. The growth of specialization resulted in a highly elaborate division of labor among the economic institutions.

The *religious institutions* are centered around belief and worship. Man's need for explanation of the unknown has given rise to

[12] W. G. Sumner, *Folkways*, Ginn and Co., Boston, 1906, pp. 53–4.

various beliefs, which in turn have become subjects of worship or manipulation. These attitudes of worship become associated with moral conduct and many types of behavior. A vast network of rites and ceremonies, which has grown out of these beliefs, takes man through the various seasons of the year and through events of importance, such as birth, puberty, marriage, death, and war.

Looking out for the common welfare is a basic human need which in modern times has led to organization of the *State.* This function of guarding the welfare of the whole group involves the ministering of justice, protecting the weak from the strong, and punishing those who disturb the group. Thus the State becomes organized to protect the mores. The State is primary or basic, but the specific forms this basic institution takes, such as the specific ideas and practices of democracies, monarchies, and totalitarian states, may differ widely. The primary institution of the State has developed secondary divisions, such as the courts, the army, the police, administration, and legislation. The number of secondary organizations is almost endless. In primitive times, the basic groups were able to care for all of man's needs, but with the vast complexity of modern life, secondary and tertiary organizations have greatly multiplied.

The Functions of Social Institutions. The importance of any social structure lies in the functions which it performs. Institutions help to ensure continuous and satisfactory human relationships. They are man's way of living together and of satisfying his basic individual and collective needs in a cooperative manner.

Each major institution is organized to perform some central function, but as society has become more and more complex in its interrelations, man's activities and needs have become so numerous that if only one function were performed by every social structure, an almost unlimited number of institutions would be required for their fulfillment. Thus, while there is a central function at the core of every institution, the major institutions are performing an ever-increasing number of correlated functions as well. The family, for example, not only sees to the upbringing of children, but frequently renders affectional, economic, educational, and religious services at the same time.

One of the most important functions of institutions is to conserve the individual and to act as buffer between ourselves and the world of change about us. This is accomplished, in great part, by defining and limiting the activities of human beings, thus acting as a means of social control. Institutions define the approved ways in which social needs may be satisfied, thus standardizing and integrating individual conduct. Through institutions and their many special agencies, our behavior is channelized into certain prescribed patterns, thus enabling the community to exercise authority and even compulsion in order to provide order, peace, security, and general well-being. Through institutions, individual actions are modified in the direction of group ends.

Institutions regulate our behavior both by informal and formal means. Informal control is achieved through social approval—either individually or collectively—of our adherence to prescribed folkways and mores and through disapproval of deviations from them. Formal control is exercised through laws which embrace certain aspects of human welfare and are maintained through police power. Another aspect of formal control is carried out through the institutions themselves, which formulate and attempt to enforce various rules of conduct not only for their own members, but for all individuals and groups with which they are in contact.

Insofar as institutions offer the individual clearly defined channels for his social activities, they simplify and make orderly the course of his life. From the time of birth, a person is identified with a number of institutional organizations: the family, the church, the school, the state, and later on his business or profession, his recreational interests, and so on. Because he experiences institutions throughout his lifetime, much of his social behavior is simply a matter of habit. Within the institutions, the individual's rights and duties are usually clearly defined. These vary as different social levels are attained. The child is supported and protected by the family. When he grows to adulthood, he is expected to support himself and protect the interests of others. The child gets special protection and schooling from the state. The young man is subject to military service. The adult has the responsibility of voting and participating in the social life of the community. And so the individual regulates his behavior along given lines, according to the rules and established customs of each institution.

In a relatively static society, such as exists among some primitive groups, where the functions of institutions dovetail neatly into one another and where there are few social changes, the stresses and strains on social conformity are few. In a highly complex, changing society, however, there is often a great deal of disharmony between the different institutional patterns and even within a particular insitution. Often people are torn between the conflicting obligations of different institutions and find themselves playing inconsistent roles. The same man may be a deacon of his church and a tyrant in his factory, a chairman of a child welfare organization and an employer of child labor, an authoritarian boss in his office and a henpecked husband in his home.

Institutions promote attitudes of loyalty and devotion among their members. This *esprit de corps* so characteristic of institutions often fosters competition and rivalry between institutions for members, for undivided loyalty, and for support. The conflict between institutions may be so great as to stimulate some individuals to revolt against them. If the reaction against a particular institution is strong enough, modification in the functions or structure may take place.

Interrelationship of Institutions. All social institutions are interrelated. They share common interests and overlap in the performance of these interests. The church, for example, is not a self-contained unit in society, but functions as a part of various other institutions. It is dependent upon the family for membership, for carrying out its principles, for economic support, and for providing persons who will perpetuate the church itself. Industry depends upon some form of education for the training of its workers. The education may come from special educational agencies, such as the union or the vocational school, when particular industrial skills are required, or from the family, as is the case in agriculture. The family, school, church, and recreational institutions all have a share in the education of the young. Thus, an understanding of institutions calls for knowledge not only of particular institutions, their functions, structures, and interrelationships with other institutions, but also of the total culture of which they are a part.

Although all societies have similar basic institutions, the functions and structure of the institutions vary from one culture to another. Even within the same group, the form or structure usually remains the same over a long period of time, while the functions of the institution may change markedly. Many associations have developed which have supplemented or taken over functions formerly performed by basic institutions. Nursery schools and play groups have taken over part of the training of young children formerly exercised only by the family. The family, especially in the urban community, has lost most of its economic function, and the largest part of recreational activities is carried on outside the home. So, too, modern society has moved from the earlier days of primary group ascendancy, when there was practically no institution of formal government, to the point where, because of the limitations and the conflicts of other institutions, the government needs to assume or take over a greater number of services than any of the other institutions. With the transference of responsibilities to other institutions, some institutions have taken on new functions and discarded others entirely.

Institutional Change. Although institutions are relatively permanent, many significant adjustments have occurred, especially since the introduction of technology. Institutions tend, however, to resist change for a number of reasons.

Institutions are a major means of social control to the extent that they prescribe specific rules and regulations for much of man's social behavior. The more rigid and well-established the institutional structure is, the more routinely can members of the institution carry out its objectives. And the more rigidly the forms and procedures of the institution are followed, the more fixed they become.

The personnel of the institution often resist any change within it. Members frequently develop a vested interest in an institution, which they try to further by keeping the institutional forms intact. Powerful interest groups often find it to their advantage to preserve an institution "as is." They then set to work to exert pressure on other persons or other groups for the purpose of controlling any changes which might harm their interests. Frequently, powerful ruling classes develop within the framework of an institution, and these use every means to maintain the *status quo.*[13] Thus the institution is usually controlled by an "old guard" who have a tendency to be conservative and to protect the established policies and practices. Additions to personnel are made slowly. The older members leave gradually. Loyalty to the institution and adherence to its formalized principles are fostered in the newer members as a means of preserving the *status quo.*

Institutional practices are usually accepted unconsciously, and become so much a matter of habit that the individual grows apathetic to their shortcomings. Frequently a person or a group may fear the social disapproval which the mere suggestion of change in in an institution is apt to elicit. The righteous indignation so often displayed when institutional changes are sought is frequently no more than an attempt to cover up a fear of losing a vested interest in an established institution.

In spite of these and other resistances, changes do take place. Where changing social conditions result in the deviation of an institution so far from its basic functions that it fails to a great extent to fulfill the needs and desires of its members, pressures arise, either within the institution or from the outside, which attempt and often accomplish the needed adjustments. An institution deeply rooted in the traditions of a people may be so "set in its ways" that it fails to meet the changing needs of the individual and yet persists in resisting major changes in its structure. Sometimes, in such cases, new organizations arise to give life to the newer needs and desires. In the field of industry, for example, a new type of industrial union has arisen to compete with the older type of craft union. This is in part due to the changing skills required as a result of changes in production. The rise of large corporations and of correspondingly large unions has led to the establishment of governmental machinery to facilitate collective bargaining and the peaceable settlement of disputes. The radio and the Federal Communications Commission, the airplane and the Federal Aeronautics Board, have grown up together.

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[13] The nature and significance of pressure groups will be discussed at greater length in Ch. 27, "Pressure Groups and Political Power."

ASSOCIATIONS

As society has become increasingly complex, a vast number of diversified *associations*, (also known as organizations or agencies) have developed within the framework of the major social institutions. As MacIver has pointed out, we cannot *belong* to an institution.[14] Associations, on the other hand, are organized groups of persons united by common bonds or interests, having specific objectives, and bestowing certain rights and duties upon their members. The consanguineous bond, for example, underlies familial, tribal, or racial associations; the economic interest gives rise to organizations of workers and management, or of professional people such as physicians, lawyers, and scientists; the desire for recreation underlies organizations related to sports, games, the theater, music, and the fine arts; the religious bond is expressed in local, national, or international religious associations.

Unlike folkways, mores, and institutions, which are usually the product of slow and spontaneous cultural growth, associations originate by the more or less purposeful acts of groups of individuals. Associations come and go, at one time representing one particular set of ideas, and at another time another. Institutions, on the other hand, seem to go on forever. Associations have specific beginnings, places, and personnel; usually they are based on specifications of some kind, such as a marriage license, creed, constitution, or articles of incorporation. Membership in an association is acquired through the act of joining: an individual nominally belongs to a given state, but he joins a political party.

In the United States, particularly during the latter half of the nineteenth century, the growth of associations was phenomenal both in number and in variety. Most Americans were affiliated with at least four or five minor organizations.[15] Today there are thousands of these organizations, of all forms, sizes, and purposes. Sorokin has made a classification of associations according to the type of relationship that holds people together, namely, familistic, contractual, and compulsory associations.[16] In *familistic associations,* relationships are largely face-to-face, including almost all of life's interests and activities, and are characterized by mutual aid, care, and sympathy between members. What affects one member affects the others, rights and duties are implied rather than clearly stated, and services are rendered as required and according to ability without particular consideration of the reward involved. Familistic associations live as long as the members do. Examples are a well-knit family, close friendships, and other small intimate groups.

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[14] R. M. MacIver, *Society, a Textbook of Sociology*, Farrar and Rinehart, Inc., New York, 1937.

[15] Charles & Mary Beard, *The Rise of American Civilization*, rev. edition, The Macmillan Co., New York, II, 629, 1933.

Contractual associations are held together by legal or other explicit bonds. Usually, they center about only one interest, whether economic, religious, or political. Although the members may cooperate in working for a specific objective, each looks to his own interests first, and in other fields they may even oppose one another. The contract specifically defines rights and duties, but there is no assurance that each party will observe the terms. Contractual associations do not last beyond the duration of the contract, the parties often remaining strangers to one another. Examples of this type are business corporations, as well as the larger educational, religious, and political associations.

The third and most rigid type are *compulsory associations,* which are characterized by the antagonism of the members involved. They may involve all, or merely one particular sector, of life. In compulsory associations, one party usually wants to take advantage of the other. The dominant member seldom guards the welfare of the subordinated; he may instead inflict damage, fine, or other inconveniences upon him. Examples are those of master and slave, conqueror and conquered, a despotic government and its citizens.

Associations are seldom wholly of one type or another, but are rather a combination of these main forms. There are pseudo-familistic associations, in which one party acts as if he were working for the advantage of the other while actually seeking his own interest. There are pseudo-compulsory and pseudo-contractual organizations, in which other types of relationships may prevail.

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[16] Constantine Panunzio, *Major Social Institutions.* The Macmillan Co., New York, 1939, p. 14.

The immense variety of associations existing in the United States today is suggested in the following classification.[17] There are *functional groups,* organized primarily on behalf of a specific and objective interest, such as trade unions and associations of manufacturers; *occupational groups,* organized on behalf of a professional interest and in defense of common economic interest, such as the American Medical Association; *philanthropic and reform groups,* organized to protect the underprivileged members of society, or to propagate various changes that will improve society, such as the charities; *religious groups,* formed by virtue of common religious goals or interests, such as youth agencies; *nationality groups; symbolic groups; political groups;* and *recreational groups.* This list is by no means comprehensive. It is estimated that Chicago alone has over 15,000 different associations.[18]

Mention should be made of the many *social agencies* which have come into being for the purpose of giving technical assistance to the major institutions so that they, in turn, may meet the specific needs and functions which the individuals within their own domain call for. The professional services of public welfare, social work, public administration, public health, and other public services requiring trained personnel are the logical outgrowth of the increased complexity of modern society. To illustrate, the profession of social work has developed several special divisions for the assistance of the family, such as social case work, medical social work, psychiatric social work, group work, community organization, and child welfare. In the school, many special activities pertaining to health, education, mental hygiene, and physical education have developed, many of which have to be performed by special associations or agencies in the community in cooperation with the school. Thus, there are associations for mental hygiene and social hygiene, playground and recreational associations, and scores of others organized to cooperate with and supplement needs in this field. So, too, a multitude of special agencies have developed in the fields of religion, labor, and in the ever-widening range of governmental and community services.[19]

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[17] Modified from N. Anderson & E. C. Lindeman, *Urban Sociology,* F. S. Crofts and Co., New York, 1930, pp. 298–9.

[18] W. F. Ogburn and M. F. Nimkoff, *op. cit.,* p. 564. Estimate by Herbert Goldhamer, who has collected statistics on voluntary associations.

Each association, whatever its type, is mainly held together by some primary bond. When, for some reason, this bond ceases to exist, the association usually disintegrates. A business organization which ceases to fulfill its basic purpose of making profit for its members almost certainly will break up. So, too, a specific marriage which ceases to fulfill any of the functions expected of it frequently dissolves by separation or divorce. Associations also come to an end through a public act, the resignation or death of members, or by sheer default. Unlike the major institutions, which have existed from time immemorial in all places and for all people, associations have a comparatively short life.

Distribution of Associations. Because of their more specialized nature, associations show some adaptation to the social classes. Although organizations such as political parties and veterans' groups are vertical, including members from all classes of society, membership in many clubs and societies is very selective. Many special-purpose associations, such as labor unions, farm organizations, and scientific societies, tend to recruit membership from the same social class. As a rule, associations are less common among people of lower income than among those of higher income, since both money and time are usually required of associational participants.

It is noteworthy that the Southern states, having the lowest income of any section of the United States, also have fewer associations than do other parts of our country. Trade unions and fraternal orders are the major institutions of the laboring classes. In "Middletown," only 2.6 per cent of the business men had no associational affiliations, as compared to 43 per cent of the working class men.[20] In southern Illinois, 72 per cent of the farm laborers did not belong to any associations, as compared with 19 per cent of farm tenants and 13 per cent of farm owners.[21] Generally, the more specialized types of associations draw most of their memberships from big cities, while unspecialized women's clubs have a larger proportion of members in towns and small cities.

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[19] H. W. Odum, *op. cit.*, pp. 462–4.

[20] Robert & Helen Lynd, *Middletown*, Harcourt, Brace and Co., New York, 1928, p. 528.

SOME RECENT TRENDS IN AMERICAN GROUPINGS

While specific groups are analyzed in detail in other portions of this book, it is appropriate to take a broad view of the general group composition of American society in order to consider some of the significant trends in group organization and in personal participation in groups.[22]

Decline of Primary Groups. Although many primary groups still function in American society, more and more of the groups in which a person finds himself are secondary in nature. Likewise, more people are spending more time in secondary groups, with a corresponding decrease in the time formerly spent in primary groups. This trend appears more often in urban life, although it exists, to some degree, throughout most of the United States.

Increasing Casualness of Group Participation. Group contacts are becoming increasingly casual and fragmentary, especially in our larger cities, where only a small part of the individual's personality is known and reacted to by his associates. To the members of many, if not most, of his groups, a person is never a total person, but rather someone who merely functions for the fulfillment of a particular need or wish of the other. One does not know, nor need to know, anything else about the person who cuts one's hair, or fixes one's car, or does one's laundry, except that this person is able to do the job well enough to satisfy one's special wants or needs. The only thing that matters to the participants in most secondary groups is how well the functions which the other person is supposed to perform are actually performed by him.

Other secondary group contacts, though less casual, are still as fragmentary. Teachers or doctors, for example, are gradually finding it more possible to practice their professions on the basis of their merits *as teachers* or *as doctors,* with less emphasis placed on other aspects of their lives not directly related to their professional functioning.

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[21] D. H. Lindstrom, "Forces Affecting Participation of Farm People in Rural Organization," University of Illinois Bulletin 423, p. 105.

[22] John F. Cuber, *Sociology*, D. Appleton-Century Co., Inc., New York, 1947, pp. 272–281.

Whereas at one time, if it was known that a woman was divorced, or had extreme political views, or even mildly indulged in alcoholic beverages, she could not possibly secure employment as a teacher, today we are becoming more concerned with her merits as a teacher *per se.* And the same conditions hold for others with whom one associates. Usually we are not in a position to secure much information about the person's other group participations or private life; and more and more people are taking a "so what" attitude toward them. Of course, there are still many exceptions to this trend, especially in rural communities and in the more primary group types of society, but these instances are becoming less frequent and do not contradict the trend.

Specialization and Complexity of Groups. Groups, like individuals, are becoming increasingly specialized in their purposes and functions. Activities of the many thousands of organized groups or associations are limited to these special purposes, which include almost every facet of man's social life. Today there is a great multiplicity of organizations, especially in our metropolitan centers, although most persons are almost entirely unaware of the great mass of specialized groups actively functioning in their own communities.

The ever-increasing number and specialization of groups has greatly complicated our social world. There are groups, groups within groups, groups serving groups, groups coordinating groups, and groups opposing groups; and, though no one person participates in all the groups found within a city nor even in a majority of them, the individual must function within this intricate and constantly changing framework. Some observers believe that the complexity of modern living, especially in our larger cities, has placed a strain upon many persons which they find difficult to withstand.

Transfers of Functions from Existing Primary Groups. Not all of the specialized organizations have developed because of new or different needs of people living under modern urban conditions.

Many of them have arisen, unconsciously and gradually, to take over the functions formerly carried on by primary groups. We have noted the transfer of traditional family functions to specialized agencies. A study of other characteristic social groupings reveals the same process of transference of functions. The functions formerly performed by the "town meeting," where most of the people of a community assembled to discuss and act upon civic issues, are now divided among dozens of specialized political and social welfare groups in which very few people actively participate.

Institutionalization. The term *institutionalization* refers to the process of formalizing group interaction. Each person's behavior to a great extent is grooved and channelized along specific lines, and elaborate rules and regulations exist for everything from securing a position, an education, or a wife, to building a house. The employer-employee relationship, for example, has changed from its original primary-group basis, where each man worked out the terms of his employment, such as wages, hours, duties, and so on, on a face-to-face basis with his employer. Now, the majority of employees in American industry never even see their employers. Officers of organized unions to which they belong represent them at wage conferences, where the employer is likewise represented by specialized persons. A complex contract is eventually arrived at, stipulating in great detail the obligations and privileges, the proper duties and functions, of both employer and employees.

The elaborate organization of any typical American university is another example of the high degree of institutionalization of modern life. From the time the student seeks admission, through each succeeding semester, to the time he graduates, he goes through a more or less routinized procedure involving deans, department heads, advisers, cashiers, and all of their various assistants. Academic procedure is specified in minute detail: the student must have the right number and kinds of courses, the right sequence, the prescribed number of hours, grades, majors, minors, electives and so on. Although highly complex and even arbitrary in appearance, most of the rules are necessary to prevent the student from getting lost in the numerous and specialized subgroups of the university. In the simpler, primary-group type of education, the student's "guidance" was derived informally and continuously from association with the teacher. At the present time, he gets his learning from the teacher, academic guidance from the academic dean, personal guidance from the personnel dean, and vocational guidance from the vocational adviser. Each person's role is formally laid out for him, so that he and others all know what is expected of them. Often the roles are more lasting than the particular incumbents who fill them.

The organization of the armed forces offers perhaps the most extreme form of institutionalization. However, many civilian groups, such as large-scale industry or the group organization of the Catholic church, are highly institutionalized. Thus it would seem that one of the basic trends with reference to American groups is the extension of formal organization into groups which hitherto have been much more personal and informal in their integration.

TERMS TO BE UNDERSTOOD

aggregation
association
caste
category
class
community
congeniality group
convention
crescive institutions
customs
enacted institutions
esprit de corps
ethnocentrism
folkways
horizontal group
in-group
institution
institutionalization
mores
out-group
primary group
secondary group
society
status
vertical group

QUESTIONS FOR DISCUSSION

1. Discuss the transference of traditional institutional functions to other groups as it applies to: (a) the school, (b) the church.
2. In what ways do institutions act as a means of social control?
3. Why are associations considered less important to society than institutions?
4. (a) What role do the primary groups play in the social development of the individual? (b) the secondary groups? (c) List the primary and secondary groups of which you have been or are at present a member.

5. Distinguish between the following pairs of terms:
    - (a) society and institutions
    - (b) primary and secondary group contacts
    - (c) in-group and out-group contacts
    - (d) horizontal and vertical groups
6. How will the "life-chances" of the children of the following individuals in America differ: (a) a Southern sharecropper, (b) a member of a Negro minority group, (c) a doctor, lawyer, or school teacher, (d) a successful business man, (e) a member of the "Four Hundred."
7. What degree of compulsion is associated with (a) the folkways? (b) the mores?
8. Analyze the ***structures*** of a particular institution in our culture.
9. Explain what is meant by the statement that "institutions conserve the individual, acting as buffer between the individual and the world of change about him." Cite illustrations.
10. Discuss the extent to which recent trends in American grouping are affecting your personal life.

FOR FURTHER STUDY

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Chapter Eight

URBAN AND RURAL COMMUNITIES

In the past 150 years, America has changed from a predominantly rural to a predominantly urban nation. The rapid growth of modern cities has been one of the most important social changes of our times. The population of the five leading American cities, New York, Chicago, Philadelphia, Detroit and Los Angeles, including their suburban areas, total about one-fifth of the entire nation's population. In other words, one American out of every five is a member of these five giant metropolitan communities. Our modern cities have been focal points of American civilization, for it is from them that most of the major influences affecting the lives of Americans have emanated.

The problems and maladjustments springing from the rapid transition from a rural culture to the mass organization of people into urban centers are legion. The effects of city civilization upon the individual and upon the group have been evaluated most somberly by some writers. Lewis Mumford described the urban dweller as one who lives "not in the real world, but in a shadow world projected around him at every moment by means of paper and celluloid: a world in which he is insulated by glass, rubber, cellophane, from the mortifications of living."[1] Here are some of the products of the artificial and supertechnical modern city: congestion of population, lack of housing, lack of play space for children, lack of planning, grave problems of health and sanitation, widespread problems of mental health and hygiene, emotional tensions and physical strain, and economic imbalance.

Yet, the urban way of life, so significant in American culture, is not wholly a matter of slum degeneration and of long lists of urban maladjustments. Evidently the urban community, with all its hazards, appeals to the preponderant number of our people. The city holds many promising features of American life—freedom of choice of work, freedom of associations and ideas, the sense of belonging to a larger group, and opportunities for creative expression.

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[1] Lewis Mumford, *The Culture of Cities*, Harcourt, Brace and Co., New York, 1938.

As a vital factor in the nation's economy, the problems of the city concern the nation as a whole. Their solution would benefit the country, just as the solution of farm problems is necessary for the best development of the nation. The problems of rural and urban communities are closely interrelated. Though rural and urban people may be in competition or even in conflict on many points, yet in the long run the interests of both are reciprocal and interdependent. This chapter will summarize the characteristics and evolution of the city and of rural communities, and will attempt to show how some of the problems arise and what their effects are upon the individual and the group.

The Nature of a Community. The community furnishes some of the most influential conditions for individual and group life. The community affords the territorial or spatial setting for group contacts, and so provides a major mechanism for the accumulation and transmission of culture. Members of the community are organized to satisfy their essential needs and to carry out common or diversified interests under common codes of behavior. Every community has facilities for fulfilling more or less the various needs of its members.

The community has definite territorial limits. It ranges in size from a small unit of less than one hundred people to large metropolitan communities, such as New York and Chicago, with many millions of inhabitants. Classification of communities according to common characteristics is difficult in view of the great complexity of communities. Various classifications have been made characterizing cities by their predominant functions. McKenzie[2] has classified communities according to their major activities as follows:

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[2] R. D. McKenzie, "The Ecological Approach to the Study of the Human Community," in *The City*, edited by Robert E. Park, Ernest W. Burgess, and R. D. McKenzie, 1925, University of Chicago Press.

(1) *The primary Service Community* engages in agriculture, dairying, ranching, mining, lumbering, etc. Raw materials are distributed to manufacturing centers. Finished goods, purchased from the outside, are sold from local stores. This type of community does not usually have more than a few thousand population.

(2) *The commercial Community* collects products from surrounding primary service and industrial communities and distributes them to hamlets, villages, and cities of the nation and the world. Its size varies from small wholesale towns to great metropolitan centers.

(3) *The industrial Community* is a center for manufacturing commodities such as textiles, foods, iron, and steel. It may also combine the functions of primary service and trade.

(4) *Special types* lack a specific economic base. They are centers of political, military, educational, or other institutional facilities.

J. F. Steiner[3] makes a somewhat similar classification, based on the major interests of the community:

Industrial communities	(e.g., the mill villages common in the South)
Political communities	(interests center on government activities, as in county seats and state capitals)
Educational communities	(built around college or university)
Commercial communities	(major interest is buying and selling)
Agricultural communities	(farms are chief concern)
Village communities	(serve as trading centers for surrounding country)

A classification of cities based on similar basic economic characteristics points out that one-fourth of the cities over 10,000 population in the United States are manufacturing cities; a little more than one-fifth are either industrial or diversified cities in which manufacturing predominates; one-eighth are diversified cities in which retailing predominates; one-sixth are residential cities; and the rest have single functions, such as mining, transportation, education, or government.[4]

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[3] *Community Organizations*, rev. ed., Century Co., New York, 1930.

[4] Grace Kneedler Ohlson, "Economic Classification of Cities," *The Municipal Year Book, 1947*, Copyright 1947 by The International City Managers' Association, Chicago, pp. 31–9.

THE GROWTH OF CITIES

Though the rapidity of urban growth is a distinctly modern phenomenon, there were "sizable cities" in ancient and medieval times. The ancient Orient boasted many important cities, though the bulk of its population was rural and engaged in agricultural and pastoral activities. Both Greece and Rome had important urban centers. Nor is the dominance of the urban way of life over the rural confined to the modern period. The European countryside was dominated by Rome and its satellite cities and towns, while the Greek city-state system dominated the rural hinterland and its peoples. Even in premodern China, rural villages tended toward subordination, politically and economically, to city and town. But the ancient cities—Alexandria, Athens, Babylon, Constantinople, Nineveh, and Rome, to name some of the best known—were relatively few, and, in terms of our modern conceptions, would scarcely be considered big cities at all. It is estimated, however, that the population of some of the ancient cities may have reached the million mark.

During the "Dark Ages," the growth of cities in western Europe virtually came to a halt. But with the revival of trade came a revival in city growth. The comparatively small size of important European cities of a few hundred years ago strikingly illustrates the rapidity and recency of modern urban growth. Paris, the largest of the western European cities in the fifteenth century, had a population of about 300,000; London had only 40,000; all other English cities were under 15,000. The famous German cities, such as Nuremberg, Cologne, and Frankfurt, each contained less than 20,000 population. Flanders, the most highly urbanized area of Europe at that time, had only between 50,000 and 75,000 in its main cities. In 1600, there were only eight cities in the world whose population exceeded 150,000. Compared to present cities with their multimillion populations, the "large cities" of Europe before the Industrial Revolution seem almost inconsequential. Fifteenth-century London, for example, contained less than 1 per cent of the present number of inhabitants of New York.

The greatest stimulus to urbanization came with the agricultural and industrial revolutions toward the end of the eighteenth century, both of which originated in England. A growing urban population gave impetus to the creation of new farming methods. As these came into general use, self-sufficient village farms were changed into food-supplying "factories" which could turn out enough food to support large nonagricultural groups in urban areas. The Industrial Revolution, with its harnessing of steam power, necessitated a concentration of workers. The invention of numerous machines revolutionizing manufacturing and industry, as well as the invention of new means of communication and transportation, stimulated the rapid growth of cities with huge populations clustered around factories and industrial plants. The population of England began a steady movement from rural areas to the industrial centers. In 1774, Manchester had about 40,000 people; by 1813, it had grown to about 271,000. Population in agricultural areas reached a standstill or actually decreased. This rapid shift of a large population from the country to the city was the first instance of its kind in history. The rate of increase in England's population rose from an estimated 6 per cent every decade before the Industrial Revolution to 21 per cent during the decade 1801–1811.[5]

Rapid urban expansion spread from England to other European countries somewhat later, beginning first with France, then reaching Germany, Austria, and others.

The remarkable expansion of the world's largest cities since the advent of industrialism is indicated in TABLE VIII.

Though most of the European countries developed into their modern patterns for living through gradual stages, the United States has taken little more than a century to shift from a rural to a predominantly urban society.

Urban and Rural Areas. In 1800, the United States had less than 4 per cent of its population living in cities. In 1940, 56.5 per cent of the American people lived in urban places. After 1940, the growth of cities continued; in 1947, the proportion of urban residents increased to approximately 60 per cent. Urban communities in the United States show more than a 12 per cent increase since the 1940 Census, whereas rural communities show only a 3 per cent increase following 1940. In addition to the 82 million urban dwellers, there were many millions who lived close enough to urban centers to be regarded as *urban* in their way of life.

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[5] J. S. Schapiro, *Modern and Contemporary European History*, Houghton Mifflin Co., Boston, 1940, pp. 20–34.

With the large increase in urban population came a corresponding decrease in the percentage of the rural population. Whereas in 1790, at the time of the first census, there were only about 200,000 urban dwellers in the United States as compared with 3,700,000 rural dwellers, today the ratio of urban to rural population is reversed, since we have 74,800,000 urbanites as compared with 57,600,000 rural dwellers. In other words, we have approximately 370

TABLE VIII

POPULATION OF THE WORLD'S LARGEST CITIES, 1800 TO 1940

City	*1940**	*1930*	*1900*	*1850*	*1800*
New York	7,454,995	6,930,446	3,437,202	696,115	79,216
London (greater)	8,700,000	4,396,821	4,536,267	2,363,341	959,310
Berlin (greater)	4,332,242	4,227,000	2,712,190	429,217	172,846
Chicago	3,396,808	3,376,438	1,698,575	29,963	
Shanghai	4,274,486	3,000,000	457,000		
Paris	2,725,374	2,891,000	2,660,559	1,053,262	547,756
Moscow	4,137,018	2,781,000	1,174,673	332,878	188,654
Osaka (greater)	3,092,498	2,453,000	996.000		
Leningrad	3,191,304	2,228,000	1,439,613	487,300	220,200
Buenos Aires	3,150,000	2,100,000	821,293		
Tokyo (greater)	3,276,000	2,070,000	1,819,000		
Philadelphia	1,931,334	1,950,961	1,293,697	121,376	41,220
Vienna	1,930,000	1,836,000	1,727,073	446,415	231,949
Detroit	1,623,452	1,568,662	285,704	21,019	
Rio de Janeiro	1,781,567	1,469,000	687,699	166,419	
Calcutta	2,108,891	1,485,000	1,145,933		
Sydney (greater)	1,398,170	1,254,000	487,932	53,924	2,537
Los Angeles	1,504,277	1,238,048	102,479	1,610	
Warsaw	476,538	1,178,000	638,000	160,000	100,000
Bombay	1,489,883	1,161,000	776,000		
Hamburg	1,384,106	1,147,000	721,744	194,000	
Cairo	1,312,096	1,103,196	570,000		
Glasgow	1,075,700	1,088,000	761,709	344,986	77,385
Melbourne (greater)	1,192,850	1,033,000	496,079	39,000	
Rome	1,551,520	1,008,000	463,000	184,000	153,000
Budapest (greater)	1,162,800	1,005,000	732,000	178,000	54,000
Birmingham	1,090,150	1,002,000	522,000	242,000	71,000

* 1940 Census data and the latest official estimates, from *The World Almanac*, New York, 1948, p. 486.

times as many people living in urban areas as there were in 1790, whereas we have only about 15 times as many rural people. The decline in the proportion of our population living in rural areas is especially marked in the decades since 1890. In 1890, about 65 per cent of the population was rural; in 1900, about 60 per cent; in 1910, 54.3 per cent; in 1920, 48.8 per cent; in 1930, 43.8 per cent; in 1940, 43.5 per cent; and in 1946, 40 per cent.[6]

TABLE IX*

URBAN AND RURAL POPULATION GROWTH, 1920–1946

	1920	*1930*	*1940*	*1946†*	*1920*	*1930*	*1940*	*1946†*
		(In Thousands)				*(Per Cent)*		
Total population	105,711	122,775	132,500	136,967	100.0	100.0	100.0	100.0
Urban	54,305	68,955	74,800	82,149	51.2	56.2	56.5	60.0
Rural farm	31,359	30,158	30,400	27,588	29.7	24.6	22.9	20.1
Rural nonfarm	20,047	23,662	27,200	27,230	19.0	19.3	20.6	19.9

* *America's Needs and Resources,* The Twentieth Century Fund, New York, 1947, p. 40.

† Source for 1946, Department of Commerce, Bureau of the Census, Special Reports, Series P-S No. 19.

In 1790, there were only twenty-four "urban places"; in 1940, there were 3,464. (An "urban place" is one having 2,500 or more inhabitants.) The largest number of urban places, 965, is in the population group 5,000 to 10,000. According to the 1940 census, 67 per cent of the people of the North live in urban places, 58.5 per cent of the West, and 36.7 per cent of the South.

These figures, however, give only a slight indication of the extent to which the United States has become urbanized. A marked change in the occupational structure of the nation accompanied the shift of population from rural to urban areas. Of the 40 per cent of population classified as "rural" in 1946 (according to the census system of classifying persons living in areas of less than 2,500 population), only about half this number—20.1 per cent—are persons gainfully employed in agriculture. (See TABLE IX above). Almost as many persons are living in rural areas but do not make a living directly from agriculture. In 1870, on the other hand, 52.8 per cent of American workers were gainfully employed in agriculture, or almost two and one-half times as many proportionately as in 1940.

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[6] *Statistical Abstract of the United States,* Bureau of the Census, Washington, D. C., 1947.

Today the majority of Americans, whatever their occupation, live within daily access of metropolitan districts. Included in the metropolitan districts in 1940 were all central cities with 50,000 or more inhabitants, together with all contiguous minor political areas with a density of 150 or more per square mile. There were 140 such metropolitan districts by 1940. In some cases two or more central cities with more than 50,000 inhabitants are in one metropolitan district. These metropolitan districts were close enough to the majority of Americans to allow them to use these cities as their daily place of work or as shopping and recreation centers.

Rural areas have mirrored the process of urbanization by taking on many of its aspects. Improved roads, the widespread use of automobiles, telephones, and the radio, the ubiquity of motion pictures, chain stores, and national publications have greatly lessened the social differences between the rural and urban world. Speedier means of transportation and the ever-growing use of electricity are drawing the city and the country closer together. Indeed, these improvements have given small cities and rural territories many advantages of the metropolis without the unattractive features that often go with life in great cities.

Declining Rate of Growth of America's Largest Cities. The 1940 census of the United States revealed a noticeable decrease in the *rate* of growth of the largest cities (over 100,000 population.) Metropolitan cities, which grew 23.7 per cent between 1920 and 1930, grew only 5 per cent between 1930 and 1940. New York, still the largest city in the United States, grew only 7.6 per cent during the decade, and Chicago's population remained almost stationary, whereas in the previous decade each city grew over 23 per cent. Twenty-eight of the cities lost population between 1930 and 1940, as compared with only four of the same cities between 1920 and 1930. Only one city of 100,000 or more, Washington, D. C., grew more rapidly between 1930 and 1940 than between 1920 and 1930. TABLE X presents the 92 leading American cities of 100,000 population or more.

The greatest increase was shown during the same years by cities

TABLE X

POPULATION OF CITIES OF 100,000 OR MORE, IN THE UNITED STATES: 1940

Rank			*Population*		*Increase*	*Per Cent of Increase*	
1940	*1930*	*City*	*1940*	*1930*	*1930–1940*	*1930–1940*	*1920–1930*
1	1	New York, N. Y	7,454,995	6,930,446	524,549	7.6	23.3
2	2	Chicago, Ill	3,396,808	3,376,438	20,370	0.6	25.0
3	3	Philadelphia, Pa	1,931,334	1,950,961	*−19,627	−1.0	7.0
4	4	Detroit, Mich	1,623,452	1,568,662	54,790	3.5	57.9
5	5	Los Angeles, Calif	1,504,277	1,238,048	266,229	21.5	114.7
6	6	Cleveland, Ohio	878,336	900,429	−22,093	−2.5	13.0
7	8	Baltimore, Md	859,100	804,874	54,226	6.7	9.7
8	7	St. Louis, Mo	816,048	821,960	−5,912	−0.7	6.3
9	9	Boston, Mass	770,816	781,188	−10,372	−1.3	4.4
10	10	Pittsburgh, Pa	671,659	669,817	1,842	0.3	13.8
11	14	Washington, D. C	663,091	486,869	176,222	36.2	11.3
12	11	San Francisco, Calif	634,536	634,394	142	(†)	25.2
13	12	Milwaukee, Wis	587,472	578,249	9,223	1.6	26.5
14	13	Buffalo, N. Y	575,901	573,076	2,825	0.5	13.1
15	16	New Orleans, La	494,537	458,762	35,775	7.8	18.5
16	15	Minneapolis, Minn	492,370	464,356	28,014	6.0	22.0
17	17	Cincinnati, Ohio	455,610	451,160	4,450	1.0	12.4
18	18	Newark, N. J	429,760	442,337	−12,577	−2.8	6.7
19	19	Kansas City, Mo	399,178	399,746	−568	−0.1	23.2
20	21	Indianapolis, Ind	386,972	364,161	22,811	6.3	15.9
21	26	Houston, Texas	384,514	292,352	92,162	31.5	111.4
22	20	Seattle, Wash	368,302	365,583	2,719	0.7	15.9
23	22	Rochester, N. Y	324,975	328,132	−3,157	−1.0	10.9
24	29	Denver, Colo	322,412	287,861	34,551	12.0	12.2
25	24	Louisville, Ky	319,077	307,745	11,332	3.7	31.0
26	28	Columbus, Ohio	306,087	290,564	15,523	5.3	22.6
27	25	Portland, Oreg	305,394	301,815	3,579	1.2	16.9
28	32	Atlanta, Ga	302,288	270,366	31,922	11.8	34.8
29	30	Oakland, Calif	302,163	284,063	18,100	6.4	31.4
30	23	Jersey City, N. J	301,173	316,715	−15,542	−4.9	6.2
31	33	Dallas, Texas	294,734	260,475	34,259	13.2	63.8
32	36	Memphis, Tenn	292,942	253,143	39,799	15.7	55.9
33	31	St. Paul, Minn	287,736	271,606	16,130	5.9	15.7
34	27	Toledo, Ohio	282,349	290,718	−8,369	−2.9	19.6
35	34	Birmingham, Ala	267,583	259,678	7,905	3.0	45.2
36	38	San Antonio, Texas	253,854	231,542	22,312	9.6	43.5
37	37	Providence, R. I	253,504	252,981	523	0.2	6.5
38	35	Akron, Ohio	244,791	255,040	−10,249	−4.0	22.4
39	39	Omaha, Nebr	223,844	214,006	9,838	4.6	11.7
40	41	Dayton, Ohio	210,718	200,982	9,736	4.8	31.7
41	40	Syracuse, N. Y	205,967	209,326	−3,359	−1.6	21.9
42	43	Oklahoma City, Okla	204,424	185,389	19,035	10.3	103.1
43	53	San Diego, Calif	203,341	147,995	55,346	37.4	99.0
44	42	Worcester, Mass	193,694	195,311	−1,617	−0.8	8.7
45	44	Richmond, Va	193,042	182,929	10,113	5.5	6.6
46	48	Fort Worth, Texas	177,662	163,447	14,215	8.7	53.5
47	63	Jacksonville, Fla	173,065	129,549	43,516	33.6	41.5

TABLE X (Continued)

Rank			Population		Increase	Per Cent of Increase	
1940	1930	City	1940	1930	1930–1940	1930–1940	1920–1930
48	78	Miami, Fla	172,172	110,637	61,535	55.6	274.1
49	45	Youngstown, Ohio	167,720	170,002	−2,282	−1.3	28.4
50	51	Nashville, Tenn	167,402	153,866	13,536	8.8	30.0
51	47	Hartford, Conn	166,267	164,072	2,195	1.3	18.9
52	46	Grand Rapids, Mich	164,292	168,592	−4,300	−2.6	22.5
53	57	Long Beach, Calif	164,271	142,032	22,239	15.7	155.5
54	49	New Haven, Conn	160,605	162,655	−2,050	−1.3	0.1
55	56	Des Moines, Iowa	159,819	142,559	17,260	12.1	12.7
56	50	Flint, Mich	151,543	156,492	−4,949	−3.2	70.8
57	59	Salt Lake City, Utah	149,934	140,267	9,667	6.9	18.8
58	52	Springfield, Mass	149,554	149,900	−346	−0.2	15.7
59	54	Bridgeport, Conn	147,121	146,716	405	0.3	2.2
60	62	Norfolk, Va	144,332	129,710	14,622	11.3	12.0
61	61	Yonkers, N. Y	142,598	134,646	7,952	5.9	34.4
62	58	Tulsa, Okla	142,157	141,258	899	0.6	96.0
63	55	Scranton, Pa	140,404	143,433	−3,029	−2.1	4.1
64	60	Paterson, N. J	139,656	138,513	1,143	0.8	1.9
65	64	Albany, N. Y	130,577	127,412	3,165	2.5	12.4
66	67	Chattanooga, Tenn	128,163	119,798	8,365	7.0	106.9
67	65	Trenton, N. J	124,697	123,356	1,341	1.1	3.4
68	70	Spokane, Wash	122,001	115,514	6,487	5.6	10.6
69	66	Kansas City, Kans	121,458	121,857	−399	−0.3	20.4
70	72	Fort Wayne, Ind	118,410	114,946	3,464	3.0	32.8
71	68	Camden, N. J	117,536	118,700	−1,164	−1.0	2.1
72	69	Erie, Pa	116,955	115,967	988	0.9	24.2
73	71	Fall River, Mass	115,428	115,274	154	0.1	−4.3
74	77	Wichita, Kans	114,966	111,110	3,856	3.5	53.9
75	80	Wilmington, Del	112,504	106,597	5,907	5.5	−3.2
76	92	Gary, Ind	111,719	100,426	11,293	11.2	81.3
77	81	Knoxville, Tenn	111,580	105,802	5,778	5.5	36.0
78	74	Cambridge, Mass	110,879	113,643	−2,764	−2.4	3.6
79	76	Reading, Pa	110,568	111,171	−603	−0.5	3.1
80	75	New Bedford, Mass	110,341	112,597	−2,256	−2.0	−7.1
81	73	Elizabeth, N. J	109,912	114,589	−4,677	−4.1	19.6
82	79	Tacoma, Wash	109,408	106,817	2,591	2.4	10.2
83	83	Canton, Ohio	108,401	104,906	3,495	3.3	20.5
84	91	Tampa, Fla	108,391	101,161	7,230	7.1	96.0
85	96	Sacramento, Calif	105,958	93,750	12,208	13.0	42.2
86	82	Peoria, Ill	105,087	104,969	118	0.1	37.9
87	85	Somerville, Mass	102,177	103,908	−1,731	−1.7	11.6
88	93	Lowell, Mass	101,389	100,234	1,155	1.2	−11.1
89	84	South Bend, Ind	101,268	104,193	−2,925	−2.8	46.8
90	90	Duluth, Minn	101,065	101,463	−398	−0.4	2.6
91	103	Charlotte, N. C	100,899	82,675	18,224	22.0	78.4
92	89	Utica, N. Y	100,518	101,740	−1,222	−1.2	8.1

* A minus sign (−) denotes decrease. † Less than one-tenth of 1 per cent.

Department of Commerce, Bureau of the Census, Washington, D. C., 1940, Sixteenth Census Reports, *Population*, Vol. 1.

of medium size. Towns (2,500 to 25,000 population) grew at a faster rate than did the cities (over 25,000), and faster than the villages (250 to 2,500 population) and farms combined. Places between 10,000 and 25,000 increased by approximately 9 per cent in population; cities beyond this size grew only 4.7 per cent, and the smaller communities 6.8 per cent. Thus, it is apparent that the urban trend continued during the 1930's, but not at as great a rate as during the previous decade. (See TABLE XI).

TABLE XI

PERCENTAGE DISTRIBUTION OF POPULATION BY TYPE AND SIZE OF COMMUNITY 1900–1940

Type and Size of Community	*1900*	*1910*	*1920*	*1930*	*1940*
Total population	100.0	100.0	100.0	100.0	100.0
Urban communities	40.0	45.8	51.4	56.2	56.5
1,000,000 or more persons	8.5	9.2	9.6	12.3	12.1
500,000–1,000,000	2.2	3.3	5.9	4.7	4.9
250,000–500,000	3.8	4.3	4.3	6.5	5.9
100,000–250,000	4.3	5.3	6.2	6.1	5.9
50,000–100,000	3.6	4.5	5.0	5.3	5.6
25,000–50,000	3.7	4.4	4.8	5.2	5.6
10,000–25,000	5.7	6.0	6.6	7.4	7.6
5,000–10,000	4.2	4.6	4.7	4.8	5.1
2,500–5,000	4.1	4.2	4.3	3.8	3.8
Rural Communities*	60.0	54.2	48.6	43.8	43.5

Source: Department of Commerce, Statistical Abstract of the United States 1939 and 1941.

There has been considerable speculation as to the reason for this change in the trend of urban growth. The decline in the rate of the growth of large cities might be accounted for by the depression, which was particularly severe in large cities. Not only did the migration from farm to city stop, but there was a slight back-to-the-farm movement from many urban areas as well. Another factor which helps to explain this development is the recent expansion of residential and middle-sized communities bordering on larger urban communities (that is, metropolitan districts). With increasing improvement in transportation facilities, this tendency may gain momentum and further slow down the concentration of population in the largest urban centers. Within the metropolitan districts, there is not so much a slowing down of growth as a redistribution of population with a trend within these areas toward peripheral settlement.

FACTORS IN THE DEVELOPMENT OF CITIES

Physical Factors. Cities do not grow up by themselves; they are developed by people in order to fulfill certain social and economic needs and desires. The forces that have been responsible for the growth of cities are numerous and various. The most important forces are economic in character. However, *geographic conditions*—that is, topography, climate, soil, minerals, and water—have played an important role in influencing and conditioning the location and development of cities. Geographic conditions favoring defense were important in choosing a site for the earlier cities. Paris, for example, was started upon an island where it was assumed attack would be difficult. Even more important were conditions favoring agriculture, and the earliest cities were generally located along the river valleys or in the center of farming regions where land was rich and fertile. The introduction of scientific farming methods plus the invention of power-driven machinery and modern methods of transportation have greatly lessened the dependence of cities upon their *immediate* hinterland. Today large cities can flourish even though they are far removed from good food-producing land, especially if they are favorably located with reference to transportation routes and mineral resources.

Breaks in Transportation. Geographical factors which influence trade and transportation have a fundamental importance in determining the location of a city. The first American cities were located along the Atlantic seaboard. Where breaks of transportation occur, that is, an interruption of the flow of goods sufficient to call for storage or transfer facilities, cities tend to grow. Junctures between land and water transportation are especially favorable to city growth, and many of the world's greatest commercial cities have developed where the two systems come into contact: New York, San Francisco, New Orleans, for example, where land transportation and waterways meet. Many great cities are located on or near navigable water of some kind, where they may take advantage of cheap water transportation. Some examples of this type of transportation break are estuaries, lake ports, river ports, mouths of rivers, canal terminals. Breaks in land transportation are likewise important, and many of America's big cities are located at the intersection and convergence of routes of transport and travel.

The development of railroads, beginning in the 1820's, and later of the automobile in the early 1900's, contributed greatly to population concentration in cities.

Natural Resources. The development of mechanical power placed new importance on ore, oil, and coal deposits. Since these are bulky and costly to transport, manufacturing and production cities tend to develop near the sources of the deposits, particularly where two or more deposits occur close together. Gary, Indiana, for example, has become a great iron and steel city because of its accessibility to the iron ore of the Upper Michigan peninsula, which can be shipped by cheap water transport, and to the coal of the Ohio Valley.

Climate and Elevation. The degree to which climate determines the location of cities is indefinite, although many students of city growth have attempted to show a close correlation. Smith[7] has pointed out the closeness of the world's greatest cities to the middle latitudes between the extremes of heat and cold. The temperate weather conditions of these cities are conducive to production, large populations, and activity in general.

Comparatively few cities in the United States are found in altitudes over 2,000 feet above sea level. The great majority of cities having a population of 10,000 or over are found in altitudes up to 1,000 feet above sea level. Since the main routes of transportation on which the city is dependent are generally located at low altitudes, cities for the most part are found at low altitudes. High altitudes, on the other hand, do encourage certain resorts and health centers.

Technological Factors; Agricultural Changes. The introduction of scientific farming methods during the nineteenth century and the increased efficiency of agricultural production made possible the production of large surpluses of food by a limited population. Thus, large numbers of the rural populace were released for migration to the towns and cities. This condition was required before cities could develop, since cities are made up of people who do not produce their own food supply. The surplus of agricultural products upon which the city depends need not be drawn from its immediately surrounding areas, nor even from within the boundaries of the country. Modern commerce and technology have enabled the city to draw upon the resources of distant parts of the country, and even from other countries, for its subsistence. England, for example, does not produce a sufficiently great agricultural surplus to maintain the population of her large cities. Therefore England needs to be in a position to exchange industrial products and services for the food supplies of other countries. This has been made possible by modern transportation, storage, and trade.

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[7] J. R. Smith, *Industrial and Commercial Geography,* Henry Holt and Co., Inc., New York, 1925, p. 10.

Steam. A fundamental factor in the growth of the modern city was the development of the steam engine. The application of steam as a source of power for industry and transportation was in large part responsible for the economic and social innovations associated with the Industrial Revolution. Not only did the productivity of labor increase greatly through use of the steam engine, but means of transporting raw materials and finished products were vastly improved. The use of steam increased the speed and lowered the cost of long-distance transportation, thus widening the areas from which cities could draw their food and raw materials, and at the same time enabling cities to sell their goods and services to people throughout the world. Since steam is most economically produced in large quantities and cannot be transmitted for great distances when used directly for power, the large factory was a natural development. The more steam was applied to production units, the lower costs became, and factories that were successful tended to increase in size. As factories increased in size and number, more workers concentrated nearby so as to be within easy reach of their work. Large factories attracted satellite industries with their attendant plants, workers, and workers' homes. Thus we see the cumulative effect of factory concentration making for a high degree of urban congestion.[8]

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[8] Thompson, *op. cit.*, pp. 301–311.

Electricity. To the use of steam as the direct motivating power in industry and transportation there was added a new source of power in electricity. The qualities of electricity, as contrasted with those of steam, suggest considerable dynamic changes in the pattern of the city. (1) Whereas steam had a concentrative effect upon cities, electricity tends to have a dispersive influence upon manufacturing and upon the distribution of homes. Electricity can be distributed economically over distances up to several hundred miles, and can be used with almost equal efficiency in large or small units. (2) Electric power has distinct and obvious advantages over steam for rapid local transportation. (3) The use of electricity in communication, in the form of the telegraph, telephone, and radio "gives promise of having at least as great an influence in reshaping our cities and our civilization during the twentieth century as steam did during the nineteenth."[9]

The internal combustion engine, which led to the automobile, has accentuated these dispersive tendencies. Further acceptance of the airplane as a habitual means of transportation promises to inaugurate further changes in the same direction.

Invention, Industry, and Commerce. Cities of our time have grown up as a product of commercial and industrial developments associated with the Industrial Revolution. We have indicated above how the development of power-driven machinery stimulated the growth of the city, while the various effects of inventions on all phases of urban and rural life were discussed in *Chapter Five.*

The concentration of industry within limited areas brought large groups of people to the city—people attracted by higher incomes, regular hours of employment, and the varied associations of urban life. Commerce and trade also attracted specialized workers, both skilled and unskilled, and greatly contributed to the development of the city. There are cities which have grown up largely because of production—Detroit for automobiles, Pittsburgh for steel, Akron for tires. Some cities have grown up mainly because they became centers of exchange—New York, Chicago, and San Francisco, for example. In other cities, consumption is the dominating factor—Atlantic City, Miami, Santa Barbara. Today American cities not only produce most of our manufactured products, employing and supporting the majority of the working population, but they are also the managerial, service, and commercial distributing centers of the nation.

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[9] National Resources Committee, *Our Cities: Their Role in the National Economy*. U. S. Government Printing Office, Washington, D. C., 1937, p. 30.

Sanitation. The great technological advancement in sanitation and engineering, and the improvements in administrative organization, have helped to remove many of the hazardous conditions common to the early city. Food and water inspection, centralized waste disposal systems, prevention and control of contagious diseases, among other factors, have lowered the death rate of the city and made it a more desirable place in which to live as compared with the city of a hundred years ago.

Psychological and Cultural Factors. Though the causes of city growth in modern times have been mainly economic, psychological and cultural factors have also played a significant part in drawing people to the city. The city, through its very size, offers possibilities of greater freedom and wider economic and social opportunities. The possibility of excitement, adventure, and romance, the desire for new experience, for emancipation from family, neighborhood, and community controls, were forceful appeals to those who lived in the comparatively quiet and simple rural areas. Young people particularly were attracted to the city by such accounts of city life.

The modern city offers many of the best opportunities for intellectual and cultural achievements. (It is interesting to note that the root meaning of the word "civilization" is city life.) Schools, libraries, religious institutions, museums, theaters, the arts, and commercialized recreation appear more frequently in the larger cities, and, for the most part, are superior to those found in towns and rural areas. The opportunities for engaging in the abundant cultural life of the city draw large numbers of people, especially when these opportunities are deliberately "boosted" by city agencies. The personal freedom of thought and action and the stimulus to innovation which city life confers are by no means negligible powers of attraction.

Migration, both from rural areas and from abroad, has been an important factor in the development of cities. *Chapter Four*

("Population") dealt more fully with this source of urban growth, as well as with the characteristics of the populations found in both urban and rural communities.

Many modern cities depend upon their specialized functions for development. Some cities make automobiles, others motion pictures, some are resort centers, and others are industrial, but each one is highly dependent on one or more specific activities. The centralization of political bodies is another factor which influences the growth of some cities, just as other cities owe their growth, for the most part, to the presence of institutions of higher learning or religious centers.

STRUCTURE OF CITIES

Many principles of urban growth and structure have been evolved, but few of them are valid without qualification. Although the internal structure of each city is unique in its particular combination of parts, most cities have industrial, business, and residential areas. The following generalizations of arrangement present a picture of the forces underlying the present pattern of urban land use. (See Figure 11.)

Concentric Zones. Burgess'[10] theory interprets the pattern of urban growth in terms of five concentric zones. This pattern is the result of the expansion of the city from the center outward, due to the competition of industry, business, and residents for advantageous positions. Many cities, of course, do not conform precisely to this picture, since geographical factors, lines of transportation, or cultural factors tend to disrupt the uniform expansion of the city in all directions. The extent to which these factors differ gives each city its particular structural characteristics, but in general the principles of expansion are much the same through the country.

Zone I—The Central Business District. In the center of the city is found the main business district, with its department stores, specialty shops, and other retail establishments which are able to afford the high rentals. Here, too, are the city's administrative offices, banks, clubs, office buildings, industrial firms, hotels, and theater district. Lines of transportation converge at the center of the city, transporting the great masses who daily travel to and from the city's center. Though few people actually live in the heart of the city, there are many transients. This great intensity of traffic within the city's center greatly enhances the desirability of its land for business use. Thus, the most valuable properties are generally found here, and skyscrapers are erected to realize the greatest returns possible on limited plots of land.

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[10] From R. E. Park and E. W. Burgess, *The City*, University of Chicago Press, Chicago, 1925, pp. 47–62.

Zone II—The Zone of Transition. Beyond the center of the city is a zone of residential deterioration. In it are the principal slums, first-generation immigrant colonies, gambling and vice areas, hobotown, and artists' quarters. Warehouses, junk yards, and manufacturing establishments mingle with tenements, rooming houses, and social agencies. Rents may be very low though land values are high. This area is generally held for speculative purposes, since it is easily accessible to the center of the city, which, if the city grows, may later expand to include it. Physical deterioration and disorganization reach their peak here. It should be noted, however, that this zone is not everywhere a zone of deterioration. It may include an exclusive residential area, as witness the rise of the Gold Coast in Chicago along the exclusive northern lake front, or in New York City, where the Park Avenue residential development adjoins the Metropolitan business center.

Zone III—The Zone of Workingmen's Homes. This area is usually composed of multiple dwellings commanding relatively low rent, but in better condition than the slums. It is generally composed of second-generation immigrants and other low-income groups in the population, who wish to be fairly close to their work and who are trying, very often, to get into Zone IV. A number of commercial centers, as well as local business districts which cater to the needs of the local residents, develop in this area.

Zone IV—The Zone of Better Residences. In this area are located the residences and apartment buildings occupied by the middle class, professional people, small business men, executives, skilled workers, clerical workers, and salesmen. Though formerly this area consisted chiefly of privately owned single-family residences, they are gradually giving way to apartment houses and residential hotels. Where the main lines of travel intersect, important local business centers develop.

Zone V—The Commuters' Zone. This is the suburban area located on the outer periphery of the city. Here we find costly single-family residences as well as industrial districts. Here, too, are country clubs, golf courses, cemeteries, parks, and agricultural activities. These suburbs are sometimes called "dormitory" or "bedroom" towns, because so many persons who live there leave early in the morning for work in the city and do not return until nightfall.

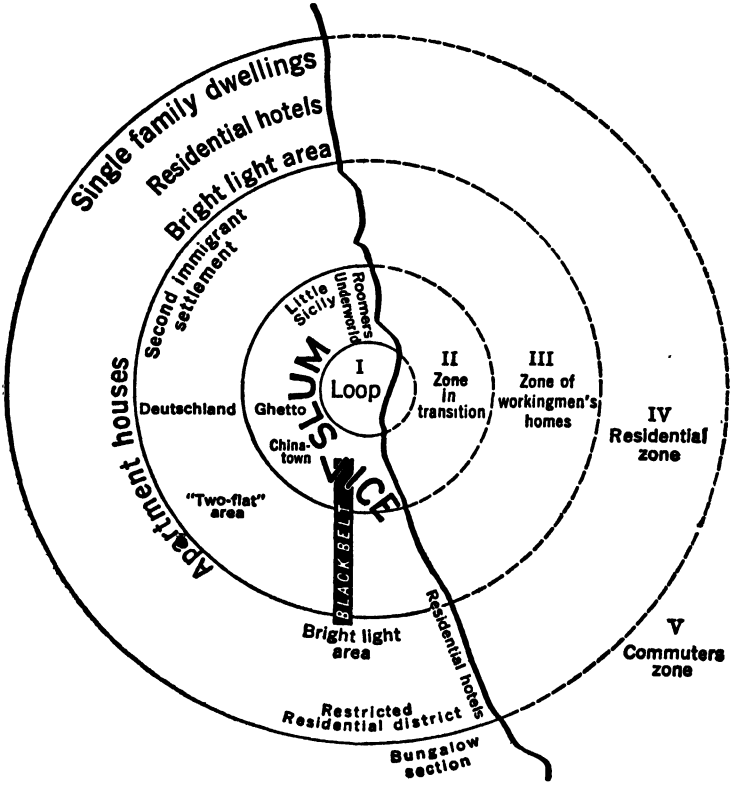
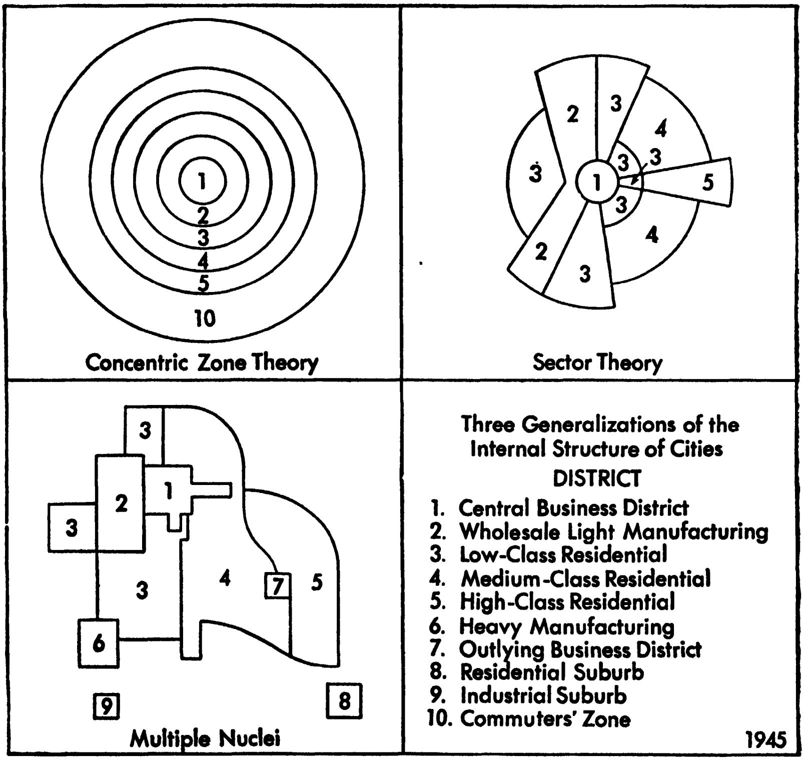


FIG. 11. The pattern of city growth and structure as illustrated by Chicago. (From Robert E. Park, et al., *The City*, Univ. of Chicago Press, 1925, p. 55.)

Sectors. As a supplement to the theory of concentric zones, the sector theory has been put forth to help explain the pattern of cities. In the sector theory, Homer Hoyt states that growth, which takes place along a particular axis of transportation, usually consists of similar types of land use.[11] (Figure 12.) The entire city is thought of as a circle, and the different areas are designated as sectors radiating out from the center of that circle. Similar types of land use start near the center and proceed outward to the periphery of the circle. Thus, a high-class residential area in one sector of the city would tend to extend outward. A low-class residential area in another sector would tend to extend outward to the edge of the city in another direction. The movement of high-rent residential areas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Concentric Zone Theory
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Sector Theory
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Multiple Nuclei
Three Generalizations of the Internal Structure of Cities
DISTRICT
1. Central Business District
2. Wholesale Light Manufacturing
3. Low-Class Residential
4. Medium-Class Residential
5. High-Class Residential
6. Heavy Manufacturing
7. Outlying Business District
8. Residential Suburb
9. Industrial Suburb
10. Commuters' Zone
1945

FIG. 12. Generalization of internal structure of cities (concentric zone theory, sector theory, multiple nuclei, and explanation).[12]

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[11] Homer Hoyt, "City Growth and Mortgage Risk," *Insured Mortgage Portfolio*, Vol. 1, Nos. 6–10 (Dec. 1936–April 1937) *passim;* and U. S. Federal Housing Administration. *The Structure and Growth of Residential Neighborhoods in American Cities*, Washington, D. C., U. S. Government Printing Office, 1939, *passim.*

[12] *Ibid.*, p. 13.

outward along established lines of transportation is especially marked on high ground, toward open country, along lines of fastest transportation, and to existing groups of buildings or trading centers.

Multiple Nuclei. Many cities exhibit a land-use pattern built around several distinct nuclei rather than around a single center.[13] In some cities these nuclei existed from the very beginnings, in others they have developed as expansion of the city stimulated migration and specialization. The original nucleus may have been the retail district in a central-place city, the water or rail facilities in a break-of-transportation city, or the factory or mines in a specialized-function city.

The development of distinct nuclei and districts is based on a combination of these factors: (1) Specialized facilities are required by certain activities. For example, the retail district is located at the point of maximum accessibility within the city. (2) Certain like activities form a cluster because they benefit from grouping. Retail districts, for example, profit from grouping their various establishments, thus attracting large masses of potential customers. (3) Certain unlike activities are detrimental to each other. The rise of factory districts, for example, is highly injurious to high-cost residential development. (4) Certain activities cannot afford the high rents of the most popular land sites: low-cost housing, for example, or storage and wholesaling activities which require considerable space.

The number of nuclei varies greatly in different cities according to their size and development. The following districts have developed around nuclei in most large American cities.

Central Business District. This district is the point of most convenient access from all parts of the city by intracity transportation facilities, and the point of highest land values. It is generally no longer in the actual center of the city, but rather near one edge. In small cities banks and office buildings mingle with retail stores, but in large cities the financial district is separate. The most important factor in location is accessibility to other offices rather than to the rest of the city. Most cities have a separate "auto-row" bordering the central business district, along one or more major highways.

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[13] Chauncy D. Harris and Edward L. Ullman, "The Nature of Cities," *The Annals*, Vol. 242, November, 1945, pp. 14–7.

Wholesale and Light-Manufacturing District. This district, conveniently inside the city, is also near the focus of extra-city transportation. In the main, wholesale houses serve surrounding areas of the city accessible by rail and motor truck. Therefore, they are concentrated along railroad lines, generally adjacent to the central business district.

Heavy Industrial District. This district is near the present or former outer edge of the city. Heavy industries require large, open areas, and good rail or water transportation. The development of belt lines and switching yards has made it possible for sites at the edge of the city to have better transportation facilities than those near the center.

Residential District. Generally, the high-class residential districts are on well-drained, high land, avoiding undesirable noises, smoke, odors, railroad lines, and other nuisances. Low-class districts arise near factories and railroad areas. The older inner sectors of residential districts, with their deteriorated structures, attract those groups unable to afford high rents.

Minor Nuclei. These include cultural centers, such as the communities which often develop about universities, parks, outlying business districts, and small industrial centers.

Suburbs and Satellites. Suburbs are characteristic of most of the larger American cities, especially since the rise of the automobile and the improvement of rapid transit lines for commuters. Both suburbs and satellites lie outside the official boundaries of the city, but satellites are located at greater distances from the central city and there is little commuting back and forth. The satellite's dependence is primarily economic, whereas the suburb is dependent in virtually all phases of its existence except political control and official administration. Oak Park, for example, is considered a suburb, but Elgin and Joliet are satellites of Chicago.

Summary.[14] Most cities exhibit aspects of all three of the above-mentioned land-use patterns. The concentric-zone aspect is valuable as a general picture subject to modification because of topography, transportation, and previous land use. The sector aspect of land-use has been applied particularly to the outward movement of residential districts along established lines of transportation. The tendency of central residential areas to decline in value as new buildings go up on the outer edge is emphasized in both these theories. While both the concentric zone and sector theories assume that there is a single urban core around which land use is arranged, separate nuclei generally do arise. Among the separating factors are not only the high rentals in a central core, but also the requirements by certain activities of extra-urban transport, extensive space, or other facilities, as well as the benefits of the separation of unlike activities and the concentration of related activities.

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[14] *Ibid.*, pp. 16–7.

From the constantly changing pattern of urban land use there arise many problems. Near the core of the city deteriorating slum structures are retained or land is kept vacant in anticipation of the expansion of the central business district with its high rentals. In the meantime, slums, with their attendant problems of vice, poor health, and human misery, flourish. On the fringe of the city, overambitious subdividing results in large tracts of unused land furnished with urban services such as sewers and transportation. The independent political status of many suburbs results in a lack of civic interest in, and responsibility for, the problems and expenses of the city in which the suburbanites work or from which they indirectly gain their livelihood.

URBAN-RURAL DIFFERENCES

Not only are the city and country distinct types of physical areas, they are contrasting ways of life as well. As technology has improved, city and country have grown ever more interdependent, and the intimate relationship between the two tones down the distinctive characteristics of each. People who live remote from cities now use its products and its services, are affected by its ideas and its functions, and come to share its problems. Their mode of life is rapidly taking on urban qualities. The traditionally independent farmer is affected more and more by what occurs in the cities. His politics, taxes, social security, education, and even his profits are largely determined in the cities. Many cities in turn are spreading out into congeries of great metropolitan districts.

Urban life, on the other hand, is still marked to some extent by the social, political, and religious institutions inherited from an earlier agrarian mode of life. Urban ways of living and the urban outlook on life still bear the imprint of the rural atmosphere from which they originated.

There is no clear-cut distinction between urban and rural communities on which all will agree. For purposes of statistical measurement, the United States Census has defined all incorporated places with a population of 2,500 and over as "urban" and all other places, with few exceptions, as "rural." Incorporated centers, however, range in size from hamlets with less than 100 population to great metropolitan centers having millions of inhabitants. The limitations of defining a city in terms of any one category, such as size of population, should be clearly understood. People living in a city of fewer than 2,500 population may still be urban in their characteristics, as, for example, those living on the fringe of a large city. On the other hand, there are many areas which are counted as cities but which do not possess clearly discernible urban characteristics. "Is a manufacturing center with 2,000 inhabitants as rural as an agricultural trade center of 3,000 population? or a Mormon village community in which 5,000 farm people reside? or a Mexican city of 20,000 population, most of whom are engaged in agriculture?"[15]

A density of 10,000 persons per square mile, or of 1,000 per square mile, has been proposed as a criterion for urban settlements. But density alone, unless it is correlated with significant social characteristics, does not make a city, nor can sparseness of settlement prevent a community from having urban characteristics. The big, bustling American city of today was not created overnight. The backwoods hamlet of yesterday changed to the rural village, the town, the city, and even to the great metropolitan center. The principal characteristics of each simply overlapped, blended, or mixed with the characteristics of the other stages of growth, all of which were essential influences on the existing mode of life.

For purposes of classification, however, we shall consider extremes, or poles: the *urban* and the *rural* community. This does not mean that each area is made up of purely urban or purely rural characteristics, but rather that one community is more urban or more rural than another. Such differences between the rural and urban modes of living as are indicated below are not produced by any one characteristic of either area, but are rather "the result of a number of closely integrated and functionally related attributes."[16]

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[15] T. Lynn Smith, *The Sociology of Rural Life*, Harper and Brothers, New York, 1940, p. 14.

The population composition of the city is in marked contrast to that of the country. Among the more distinguishing demographic factors between urban and rural populations are age and sex, while the major cultural differences are correlates of nativity, occupations, and social organization.

Age Differences. Young adults tend to concentrate in our cities, while the old (over sixty-five) and the young (under twenty) predominate in the country. The modern city is the symbol of economic opportunities. Thus, ambitious persons in the prime of life seek the city. However, cities vary among themselves as to age composition. In a number of cities along the Pacific coast there are comparatively few children and many aged persons, while cities in the South show the opposite picture. Within the orbit of the large cities, the outlying areas show an age composition much like that of our rural regions. On the other hand, the central areas of the large city reflect the typical age composition of our cities.

Sex Differences. Since there is little employment on farms for unmarried women, the single and widowed females tend to migrate to the city, where self-support is possible. The proportion of men to women is lower in the cities than on the farms. As indicated in *Chapter Four*, when this proportion is measured by the number of males per 100 females it is called the *sex ratio*. In 1940 this ratio was 100.7 for the entire United States, while for the urban areas it was only 95.5. In the rural farm population in 1940, there were 115 males 15 years of age or over for every 100 females. For the ages of 20 to 30 years, there were 229 unmarried men for 100 unmarried women on the farms.

Nativity Differences. People from every walk of life and every corner of the world have come to the city. Indeed, the city has been regarded as the "melting pot" of races and cultures. In America, the foreign-born and their offspring are concentrated in urban areas. It is common to regard the city as a series of cultural "islands," or "colonies," of the most diverse social backgrounds. Chicago has more Polish persons and descendants of Poles than nearly any city in Poland, and New York has more Italians and their offspring than most cities in Italy.

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[16] *Ibid.*, pp. 14–5.

Generally speaking, the larger the city, the greater is the proportion of the foreign-born and their children. This proportion declines as the size of the city decreases, until in rural areas five-sixths of the population are native whites of native parentage. The proportion of native whites has been increasing in the middle-sized cities (25,000–30,000), and by 1940 they made up about half the population of these cities. With the decline in immigration, the percentage of foreign-born has declined precipitantly, and the preponderance of foreign stock is less pronounced today than ever before. More than half of our city people are native white, whereas in 1870 only one-fourth were native white. In rural areas, the population has continued to be predominantly native white of native parentage. In the country as a whole, the proportion of foreign-born has declined markedly, so that by 1940 the foreign-born made up only 8.8 per cent of the population.[17]

Negroes have also flocked to the cities. The greatest migrations of Negroes from the South to the northern cities came during and after World Wars I and II. Particularly during World War II, Negroes migrated to the West Coast. Generally, however, Negroes constitute a decreasing part of the total population. By 1940, the proportion was 9.8 per cent.[18] Representatives of other racial and ethnic groups, such as Orientals and Mexicans, are also to be found in our cities. It is apparent, then, that "one major characteristic of the urban dweller is his dissimilarity to his fellow townsmen. . . . Never before in the history of the world have great groups of people so diverse in social background been thrown together in such close contacts as in the cities of America. The typical American city, therefore, does not consist of a homogeneous body of citizens, but of human beings with the most diverse cultural backgrounds, often speaking different languages, following a great variety of customs, habituated to different modes and standards of living, and showing only in varying degrees the tastes, the beliefs, and the ideals of their native fellow city dwellers."[19]

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[17] Philip M. Hauser and Conrad Tauber, "The Changing Population of the United States," *The American Academy of Political and Social Science*, Philadelphia, Vol. 237, Jan. 1945, p. 19.

[18] *Ibid.*, pp. 18–9.

Occupational Differences. Probably the most striking difference between urban and rural communities is that of occupations. The country continues to play its traditional role as the home of the farmers. The city, on the other hand, is the "work-shop of American civilization." Most of the industrial establishments, wage earners, and salaried officers and employees are found in the city. The bulk of manufactured products and commercial distributing centers are concentrated in the great cities. Transportation and communication lines converge in urban areas; in fact, nearly three-quarters of all railway traffic terminate in cities. The effects of these diverse occupational interests are important. (1) Those engaged in farming, through the very nature of the work, are brought close to nature. They must deal with living, growing things amid elements little controlled by man. Sunshine, fresh air, nature, and the character of the work all help to influence the personality of the rural dweller. In the farming community the home is a place of production, a kind of factory where all sorts of food products are raised and grown. The farmer, his wife, and his children do a variety of jobs and produce much that they consume. (2) Urban occupations, in the main, involve the handling of mechanical things in both manufacturing and in the sale of goods. Nowhere is man further removed from nature than in the city. He produces little or nothing that he uses. The air is sooty, the sunshine is dulled, and mechanical instruments regulate the temperature.

A larger proportion of the adult population is employed in the city than in the country. Children, however, are more of an economic asset on farms than they are in the cities. Most farmers do not employ a labor force of any size; rather the members of his family serve as workers. Persons employed in trade and in clerical service are more numerous in large cities than in rural areas and small cities. Large cities favor the small business man and others who are self-employed, and it appears that only the larger cities can support professional workers, especially artists. In the city, the bulk of workers are concentrated in the ages 18 to 39 years; while workers in rural areas are more evenly distributed throughout the various age groups. City people earn higher incomes, on an average, than do rural persons. Finally, the city worker is faced with a shorter working life than the man in the country. In this sense, the economic security of the rural worker is higher than that of the city man, although the city offers a greater variety of vocational and economic opportunities.

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[19] National Resources Committee, *Our Cities: Their Role in the National Economy*, p. 10.

Density of Population. A low density of population is characteristic of rural areas, where agriculture is the primary occupation. This accounts for the frequent acceptance of density as the fundamental difference between urban and rural areas.

A dramatic contrast in density of population is pictured in the following data. In 1940, for the United States as a whole, there were more than 40 persons per square mile. In rural United States there were less than 18 per square mile, while the rural farm population had only 10 persons per square mile. The city, on the other hand, is well known for its crowding together of great masses of people within a relatively small area. Approximately 45 per cent of the total population of the United States, and 68 per cent of its urban inhabitants, are contained in the 96 leading metropolitan centers, which occupied only 1.2 per cent of the land area of the entire nation.

Differences in density of population constitute a major influence on the environment and social conditions of urban and rural dwellers. Low density of population gives many advantages to the country: fresh air, sunshine, and natural scenic beauty, as well as comparatively intimate social relationships. On the other hand, certain cultural and physical advantages, such as high schools, hospitals, libraries, museums, churches, theaters, improved roads, and sanitation facilities, are relatively rare in rural districts, since a small group of taxpayers cannot support these costly projects.

The high density of population in the city helps to create a characteristic mode of living. On the negative side we find congestion, smoke and dirt, lack of privacy, noise, high land values and rentals, impersonal and anonymous relationships, conflict of groups and cultures, extreme social and economic stratification, mental and physical strain.

A high rate of density, on the other hand, helps to make possible numerous advantages, some of which are better schools, libraries, theaters, churches, medical centers, lighting, paving, sewerage, opportunity for many cultural, occupational, and recreational pursuits as well as for broader social contacts. Some of the significant differences in the social organization of urban and rural groups will be considered in greater detail below.

Homogeneity and Heterogeneity. Although rural society in the United States embraces in general almost every racial and cultural group, the populations of individual rural districts are for the most part highly homogeneous in character. The rural person's contacts are chiefly with neighboring farmers whose origins, occupations, religion, economic status, and ways of life are very much like his own. Rural communities, which consist of small, isolated units, are generally not so closely integrated, nor so interdependent as urban groups.

Cities, on the other hand, having grown to their present dimensions largely through foreign, rural, and Negro migration, are composed of people of widely different racial and cultural backgrounds. The city dweller is in frequent contact with persons having different origins, customs, ideas, occupations, standards of living, and languages. This social interaction tends to break down class barriers, which are common among homogeneous groups. Increased mobility takes the city person among diverse social groups, in each of which his status may be different, thus giving him a sense of instability and insecurity. Different interests, resulting from his association with diverse aspects of social life, prompt the affiliation of individuals with a variety of groups, none of which has the undivided allegiance of its members.[20]

Specialization. Intense specialization is a by-product of the complexity of city life. Over 25,000 specialized occupations have been listed. This intense specialization, to which the city dweller is constantly exposed, not only opens new vistas of wants and desires, but also creates the need for new occupations in order to satisfy these wants.

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[20] Louis Wirth, "Urbanism as a Way of Life," *American Journal of Sociology*, XLIV (July, 1938), p. 16

The contacts of city people are not so apt to be limited to a particular locale, since the cultural development of the city, like its material development, may be world-wide. Literature, fashion, and the arts, for example, are drawn from all parts of the world to our large cities. There they stimulate and cultivate new tastes and desires, which in turn create new fields of activities for specialization.

Personal Relationships. The rural person, in his social contacts, covers a narrower, more limited, area than does the urbanite. Relationships in this smaller area are largely of a direct, face-to-face nature, and are intimate and durable as compared with the secondary contacts of the city person. This does not mean that personal relationships are not found within the city, but that the greatest number of city contacts are superficial, impersonal, segmental, formal, and fleeting, or secondary, as distinguished from the primary contacts characterizing rural life. The inevitability of impersonal relationships in the city can readily be understood when one considers the great masses of people within a limited area, their many activities, and their extreme mobility. The economic activity of the city, with its emphasis on trade, encourages secondary contacts and impersonal relationships, since trade, by its very nature, is impersonal. Each day in the city an individual has contact with great numbers of people, in subways and streetcar crowds, in schoolrooms, and in downtown shopping throngs; but he has neither the time nor the opportunity for intimate acquaintance. Because of the superficiality and lack of understanding in these anonymous contacts, individuals formulate stereotyped categories into which they can relegate the multitudes of people casually met. The "money economy" places an objective value on persons and things. People are judged by what they have done or can do, and they are categorized according to their places and status in the community, with the result that they become mere abstractions: "rich men" or "poor men," "racketeers" or "honest" citizens.[21]

[21] Gist and Halbert, *Urban Society,* Third Edition, Thomas Y. Crowell Co., New York, 1948, pp. 261–2.

Social relationships in the city are especially characterized by the lack of intimate contacts, by the remoteness and indirectness, or *social distance,* that exists between individuals and groups. The many facets of city life, its heterogeneity, specialization, class and race distinctions, and extremes of wealth and poverty, develop a group consciousness so marked that persons with similar interests, backgrounds, or positions segregate themselves spatially as well as socially from others who are different. Distances may spring from variations in economic activities or status, color or race, cultures or concepts. In all cases, they are the result of attitudes developed by city dwellers toward one another and toward themselves. Segregation of like groups into distinct communities is characteristic of cities, and determines considerably their spatial patterns.

Hand in hand with the social distance, the impersonality, and the instability characteristic of social relationships in the city, goes a marked increase in collective action. As William F. Ogburn states, "The closeness with which city dwellers live and work together makes possible more collective effort in regard to many matters of human welfare than has been found elsewhere in history, except possibly the army."[22]

Mobility. Urban persons are profoundly influenced by the many currents of city life which bring individuals together briefly and then move them on again in their various ways. Mobility, both spatial and social, reaches its height in the city. Spatial, or physical, mobility is intensified in the city by the widespread mechanization of transportation and communication, the many varied forms of commercial and recreational activities, and the ever-changing wants and desires resulting from publicity, advertising, and free association. There are many types of spatial movements within the city: movements often occur from one residence, apartment, hotel, or flat to another; most frequent are movements to and from work; others are connected with the search for recreation, adventure, or amusement. In addition, there are the frequent movements outside the bounds of the city, as urban dwellers go to and from the suburbs and other cities for occupational or recreational activities.[23]

[22] *Social Characteristics of Cities,* Chicago, 1937, p. 4 (Reprinted by permission of the International City Managers' Association).

[23] Gist and Halbert, *op. cit.,* pp. 267–9.

Social mobility, as distinct from spatial movement, involves social contact and *fresh stimulation*. Through social mobility people are exposed to new patterns and desires which in turn create unrest. The transition from one social level to another is in striking contrast to the gradual changes which are found in rural areas, where individuals are more strictly bound to the mores and traditions of their groups.

Mobility in the rural community is considerably less than in the city. It has been shown that farmers change their occupation less than any other occupational group.[24] There is less opportunity to climb the social ladder. There is little moving about from one residence to another, or from one community to another, since most types of farming require stationary location. Some systems of agriculture, however, are associated with territorial mobility, since certain crops require concentrated labor during limited seasons of the year. Thus, a migratory class of farm laborers has developed, and with it an important social problem. Yet, on the whole, territorial mobility on the farm is much less than that of urban groups.[25]

Social Control. City life, with its anonymity, heterogeneous groups, and specializations, makes for an increase in the personal freedom of the city dweller. In the country, the forces of tradition, the rigidity of the mores and customs, and the authority of the family and the church have an enormous influence on the life of the individual. The farmer is apt to be "kept in line" by rumor, gossip, and the sheer weight of public opinion. The mores and conventions of the city, however, by the very nature of urban life, do not lend themselves to enforcement by the instrumentalities used in rural life.[26] Social controls through the medium of the primary groups, such as the family or the church, are therefore less effective in the city than in rural areas. Impersonal controls, such as formal laws and ordinances, serve to regulate the city person's behavior. Though these are more numerous than the controls found in rural areas, they are usually flexible enough to allow the individual to live almost as he pleases, provided he does not infringe upon the rights of others.

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[24] P. A. Sorokin, C. C. Zimmerman, and C. J. Galpin, *A Systematic Source Book in Rural Sociology*, University of Minnesota Press, Minneapolis, 1930, I: 226–8.

[25] Smith, *op. cit.*, pp. 31–2.

[26] Gist and Halbert, *op. cit.*, pp. 283–4.

PROBLEMS OF URBAN AND RURAL LIVING

The problems of the urban and the rural community, although they are interdependent, vary to the extent that the modes of life of city and country differ. Again it must be emphasized that many of the problems of the urban and rural populations overlap. Conditions of rural life, particularly, are undergoing rapid change with the mechanization of agriculture and the diffusion of urban folkways, both of which tend to make the city and country more alike.

The Economic Problem. The contrast between riches and poverty reaches its heights in the city, where wasteful luxury and squalid poverty exist almost side by side. These inequalities of wealth and income are especially characteristic of the large city, where people are not economically self-sufficient but are dependent upon others for their livelihood in specialized occupations. The city is most immediately and drastically affected by periods of depression, in which the whole economic organization of the city is curtailed, and large segments of the population are subject to unemployment and privation. Even the limited food supply which helps the farmer in his bad times is out of reach of the urbanite deprived of a job. During the depression of the 1930's, about 20 per cent of the total relief load was concentrated in the ten largest cities. From 60 to 75 per cent of the total relief was administered in urban areas.[27]

City families spend a larger share of their incomes for rent, clothing, recreation, and cultural pursuits and a smaller proportion for food than people of corresponding incomes in rural communities. The individual household in the city is almost completely dependent upon outside agencies for certain essentials such as water supply, sanitary services, food, light, and fuel.

The rural household, on the other hand, is much more self-sufficient. Though farmers also suffer in periods of depression, the chances for maintaining a minimum subsistence are greater than in the city. It is worth noting, however, that there may also be great contrasts in rural communities, with their sharecroppers and migrant agricultural workers on the one hand and farm owners on the other.

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[27] Louis Wirth, *Urban and Rural Living: Planning Post-War Ways of Life for American Youth,* National Association of Secondary-School Principals, Washington, D. C., 1943.

The nature of farming and the characteristics of farmers are perhaps the most important factors in the economic farm problem. Since farm production is dependent upon nature, it is not subject to strict regulation. Ideal weather conditions result in a bumper crop, which has often meant desirable low prices to consumers but low, unprofitable prices to the farmers. Floods, drought, pests, and diseases cause a smaller production and hence higher prices; but many farmers are completely wiped out by these ravages, while others find their crops so reduced that the higher prices do not mean greater income. Many trade associations, such as cooperatives, have helped the farmer secure a better system of marketing. However, the farmer's dependence on a bank or merchant for financing him has sometimes made these associations ineffective. The Federal government has greatly increased its aid to farmers through such means as price supports, farm credit, and rural electrification. Solution of the economic problems of the farm would of itself overcome many of the undesirable features of rural life.

Social Welfare. Urban life, on the whole, involves more uncertainties, more conflicts, and more tensions than does rural living. Whereas the uncertainties of nature are the basis for much of the insecurity of rural life, in the city it is the man-made or institutional part of life which causes most of the uncertainties and conflicts. The urban family finds it more difficult to provide economic security for its members. Jobs are uncertain, living costs may be high, and demands on each dollar are legion.

The touch-and-go relationships of the city do not extend very deep. People are said to be "unfriendly, aloof, superficial, selfish, overly reserved, and not always trustworthy." The larger the city, the more impersonal, segmental, and utilitarian are the social contacts. Also, as the size of the city increases, so does the need for men to organize to promote their common interests and to develop formal institutions to meet their needs. This multiplication of institutions leads to divided loyalties and uncertain identification. While this wider scope of contact may have a broadening influence, it can also lead to a serious distortion of personality, to factionalism, to a sense of loneliness and isolation, and to civic apathy.

The functions of the family and the church, the twin pillars of rural institutional life, are, in the city, divided among numerous organizations and institutions. Particularly in the large cities, the institutions and services developed to maintain health, order, and welfare and to foster education and individual development have become complex and highly professional, and require large amounts of public and private funds for their support. Social welfare organizations have arisen to care for the needs of immigrants and slum dwellers. There are agencies for child welfare, family service, mental hygiene, and numerous specialized organizations to care for the many forms of physical defect, dependency, and social maladjustment which, while they also exist in rural areas, must be treated on a much larger scale and in a more formal and professional way in the urban community.

Despite the varied and complex order of institutional life in the city, we have not as yet been able to develop urban institutions which can fulfill those functions which the rural family, the rural church, and the town meeting performed in a simpler environment.

In the rural community, isolation of the American farm has been a basic factor in driving farm people to the towns and cities. Isolation has resulted in a comparative lack of large-scale, formal social organization and social recreation for the rural dweller, and farm life has been notorious for its loneliness. Advances in transportation and communication are doing much to overcome the isolation of the rural community through the use of the automobile and hard roads, the radio, the telephone, and the rural free delivery service.

The discomforts and actual hardships inflicted on rural dwellers by the lack of living comforts and modern conveniences also have been highly instrumental in driving them to the cities. The lack of running water and sewerage systems, the absence of electric lighting and proper cooking and heating facilities, have burdened the life of the country housewife. The farmer in most cases engages in harder labor than the city worker; but the returns for his labor may not be commensurable with the strenuous nature of the work and the long hours involved.

Many improvements are now available to the farmer, and those who can afford them can have most of the city comforts in rural homes. Modern housing, water systems for individual homes, sewerage systems and modern plumbing, electrical systems and bottled gas, have been introduced to a growing segment of the population.

Health. Cities have been pictured as noisy, crowded, dirty, and laden with disease. City dwellers have less light and air, they do most of their work indoors, and many of them work in factories injurious to health and longevity; they come into daily contact with large numbers of people, a factor which tends to spread disease. Yet, in spite of these unwholesome conditions, cities have been closing the gap between the urban death rates and the lower death rates of rural areas, although morbidity and mortality rates in infants' diseases and tuberculosis are still higher in the city than on the farm.[28]

Although much remains to be done to counteract the unhealthful effects of urban living, our cities have made great strides in guarding the health of their inhabitants. Better medical and hospital facilities, municipal sanitation, inspection of milk, food, and water supplies, and various other public health measures have helped to lessen the danger of epidemics and to raise the level of health of city dwellers. Programs to control smoke, dust, and gases from factories and power plants are being undertaken. Malnutrition among the low-income groups still remains a serious urban health problem. (See *Chapter Ten,* "Health.")

Conversely, the idea that "farm families are healthy just because they get plenty of fresh air" has been upset by various farm leaders, one of whom recently stated that "poor housing, poor ventilation, poor nutrition, contaminated water and milk, and no insect or rodent control can almost completely offset fresh air and sunshine."[29] Statistics reveal that "40 per cent of the wives of low income farmers have neglected childbirth injuries; 10 per cent of their children are underweight; 48 per cent have defective tonsils; 65 per cent have decayed teeth; and only 14 per cent of all American farm mothers have the protection of hospital care when their babies are born."[30]

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[28] National Resources Committee, *op. cit.,* p. IV.

[29] Gladys Talbott Edwards, speech delivered to the National Conference on Rural Health, February 1948, from *Chicago Sun-Times,* Feb. 9, 1948.

Education. The city provides educational facilities of a highly differentiated and specialized nature, and to city dwellers are given most of the opportunities for technical and higher education. Most of our cities, however, are greatly in need of additional facilities. Large numbers of urban school buildings, particularly on the primary level, are poorly lighted and ventilated, and are completely lacking in modern appointments and in outdoor play space; and some of them, in addition to being crowded beyond capacity, are structurally unsafe. These old, outmoded schools are usually found in blighted areas, thus adding further deprivation to slum children. There is a general shortage of well-trained teachers, a condition largely attributable to the inadequate salaries provided by most school budgets. Despite the availability of free primary and secondary education in urban areas, many young people cannot take advantage of opportunities for higher education, but must leave school to go to work in order to supplement the family income.

The educational facilities of the city, however, are "beyond reproach" as compared to those generally found in the rural community. In the main, country schools, which are often drafty one-room affairs, have a shorter school year and are staffed by less well-trained, poorly paid teachers. Rural areas and small towns usually trail far behind the city in establishing vocational and professional schools, schools for the handicapped, and facilities for adult education. They pay less attention to the unusual pupil, whether backward or gifted. Library services are meager, and experimentation in new methods, changes in curriculum, and other innovations are frequently frowned upon. Fewer rural children continue to the secondary and higher levels. (See *Chapter Twelve*, "Education.")

Housing. One of the most acute problems facing America today is the need for additional housing, particularly low-cost housing. The concentration of population in our cities makes the housing shortage particularly pressing in urban areas, but the villages, small towns, and farms of America are not without their housing problems. Slums and blighted areas are a serious menace to most of our cities, and slum-clearance programs are urgently needed. It should be noted, however, that there are rural slums as well as urban slums.

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[30] Edward H. Mertz, *Ibid.*

Although many living conveniences are more readily available in the city than in the country, a large proportion of city dwellers cannot take advantage of them. Over 28 per cent of urban dwelling units are in need of major repairs or lack private baths. Rural farm dwellings lag far behind urban dwellings in the amenities of life: over 90 per cent of rural farm dwellings need major repairs or lack a private bath; about 69 per cent have no electric lighting; about 93 per cent have no gas or electric cooking, and about 82 per cent have no running water inside.[31]

Although great technological improvements have been made in building materials and construction methods, it is still impossible to provide adequate housing through private enterprise for a large proportion of low-income families. Costs of building materials, land, construction, and financing, as well as a disorganized building industry, have conspired to make the provision of adequate dwellings for the ill-housed almost impossible without considerable public aid and control. (See *Chapter Eleven*, "Housing.")

Public Safety. Certain types of crime have been found to be more common in urban centers than in rural areas, particularly juvenile delinquency, organized crime, and commercial rackets. In the main, crimes against property, such as larceny, robbery, and burglary, constitute a much larger part of urban crime than of rural crime, while crimes against persons, such as homicide, constitute a larger proportion of rural crime. Minor violations of law, such as alcoholism and disorderly conduct, are more frequent in our large cities. Generally, the larger the city, the greater is the crime rate, up to the point of cities with 500,000 population. The largest cities, however, show lower crime rates in all major crimes except robbery.[32]

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[31] Bureau of the Census, *Housing*, 1940.

[32] Louis Wirth, *Urban Living: Planning Post-War Ways of Life for American Youth, op. cit.*

The relative amount of crime in the city and the country is affected not only by the greater diversity and instability of the urban population, but also by the relative opportunity to commit crime and by the efficiency of the law-enforcing machinery that the community has developed. The large population, the great mobility, and the anonymity of the city multiply the opportunities for criminal and "immoral" behavior, and further, offer better opportunities for escaping detection and apprehension by law-enforcing officials. However, the larger cities spend much more of their resources on police protection and have developed elaborate facilities for crime prevention and detection. Other factors in urban life which help to explain the nature and extent of crime are the great contrast between wealth and poverty, the wide gap between the appetites the city fosters and the means of satisfaction it provides, racial and cultural conflict, neighborhood disorganization, and the tendency for urban crime to become organized and enmeshed with business, labor, and politics.[33]

Special Urban Problems. There are many "problems" involved in the administrative, legislative, and judicial functions of city government, including taxation, engineering, planning, and zoning. Though there have been spectacular advances in municipal government, and expert skills and knowledge have developed among municipal career officials, some cities are still faced with "systematic evasions of civil service laws, irresponsible political leadership, and official tolerance of discriminatory or questionable administrative practices."[34] Outstanding among the special problems of city government are problems of transportation, of safety (fire, street accidents, auto traffic, organized crime, juvenile delinquency), of health (disease control, sanitation, water supply, smoke and noise abatement), of public welfare, and of recreation.

All of these problems, intensified as they already are by the rapid growth of our cities, are viewed in a new light as a result of the development of modern means of aerial warfare. For urban centers are highly vulnerable.

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[33] *Ibid.*

[34] National Resources Committee: *Our Cities: Their Role in the National Economy, op. cit.*, p. IX.

There are other special urban problems, such as those relating to family disorganization and the faster tempo and overstimulation of city life. The tensions of urban existence, the strain resulting from rigid scheduling of activities and anxiety in the course of making a living, give rise to serious problems of mental hygiene. This is shown in the higher proportion of suicides, insanity cases, and neurotics constantly found in urban areas. These problems are more fully discussed in other chapters. (See *Chapter Fourteen,* "Personal Adjustment.")

Decentralization. For some time, the part of the metropolitan area lying outside the central city has grown at a faster rate than the city itself. The 1940 census showed a continuation of the movement from the central cities to adjacent suburban areas. In the entire United States, the population of the central cities increased by about 5 per cent between 1930 and 1940, whereas the population of outlying districts gained about 16 per cent. In 1930, exactly 30 per cent of the people living in metropolitan districts were in adjacent areas. In 1940, there were 32 per cent. This figure may be expected to increase in the future.

The areas surrounding the metropolis provide many of the advantages of big-city life, such as the moving picture theater and the chain store, without its objectionable features and hazards. Suburban residents, who predominantly continue to make their living in the city, have moved to the suburbs for a variety of reasons—cheaper land, improved transportation facilities, newer and more desirable housing, better schools, lower rates of taxation, and an increased opportunity to participate in the control of their community affairs.

The growth of the peripheral areas poses grave problems for the central city and the entire metropolitan region. These problems relate especially to the large-scale economic and local-governmental changes necessitated by such a shift of the population.

Urban Changes Since 1940. While there is no complete record of population changes during the war and in the immediate postwar years, there are some census estimates for the period 1940–47 indicating general population trends. (See *Chapter Four,* "Population.") During the period between 1940 and 1943, the civilian population in the country as a whole declined by 2.4 per cent, whereas the aggregate population in 137 metropolitan areas, containing about half the population of the United States, increased by 2.4 per cent. As in the prewar years, the most impressive changes were in the Southern and Western communities.[35]

Some of the trends apparent before and during the war were projected into the postwar years. The sampling survey conducted by the Bureau of the Census in 1947[36] indicated that the cities were retaining much of their wartime growth. According to these estimates, about 60 per cent of the population was living in cities. The 34 major metropolitan areas included in the sample showed an increase in population of 14.2 per cent after 1940. On the other hand, the estimated increase for the entire country was only 4.9 per cent. As a rule, metropolitan districts in the South and West showed greater proportional increases than districts in the Middle West or East.

These data afford fairly conclusive evidence that the clustering of an increasingly large proportion of the population around the great cities is one of the major aspects of postwar urban growth in the United States. In view of the vulnerability of concentrated populations in an age of atomic warfare, the continued growth of metropolitan areas takes on added significance.

Changes in Rural Areas. During the war, and even before, there was a marked urban-ward movement of rural population. On January 1, 1945, shortly before the close of the war, the farm population was estimated at about 25 millions, a loss of 5 millions since 1940. This was the lowest farm population in almost four decades. Following the end of the war, many persons who had left the rural areas were beginning to return to the farms. By 1948, the farm population had increased about 2½ millions, but was still nearly 3 millions below the 1940 level.[37]

[35] *Population,* Estimates of the Civilian Population of the United States by Counties, March 1, 1943, Series P-3, No. 38, Bureau of the Census (October 31, 1943).

[36] *Population Characteristics,* Current Population Reports, Series P-20, No. 2, Bureau of the Census (September 9, 1947).

[37] Gist, N. P., and Halbert, L. A., *Urban Society,* Third Edition, Thomas Y. Crowell Co., New York, 1948, pp. 57–8.

PROSPECTS OF URBAN AND RURAL LIVING

Looking into the future is always hazardous, but some aspects of the future of urban and rural communities seem to be taking form, and the long-run trends may be anticipated. It seems highly probable, for example, that fewer persons will be engaged in agriculture in the very near future than is now the case. The application of recent technological advances, plus a decline in the export of agricultural goods when Europe will have recovered from the worst effects of the war, will both probably contribute to the reduction in the number of persons employed in American agriculture. Many labor-saving agricultural machines have recently been put into use, already causing large-scale migration of agricultural labor. However, it is possible that more persons engaged in nonagricultural activities will be living in the open country. Present technology is fast bridging the chasm which has existed between city and country for hundreds of years, bringing to the countryside many of the benefits of urban life.

There is also evidence that some industries are planning to decentralize their manufacturing plants and to disperse them among a larger number of small cities and even agricultural villages. By avoiding the congestion in the largest cities, the location of smaller manufacturing units in the smaller cities may, in the opinion of some industrial leaders, outweigh the advantages of large factory units. If this decentralization principle is found to be economically sound, it may contribute to a decided change in the distribution of urban population. Then the greatest cities may show declines in population, and the moderate cities may show increases.[38]

The shape of cities to come depends on the answers to many questions. The peacetime use and control of atomic energy and other technological changes, as yet merely a matter of public conjecture, cannot be ignored. With the development of new and improved materials, prefabricated houses, transport and passenger planes and helicopters, new types of processed and packaged foods, and new and improved types of power for industrial production, transportation, illumination, and for lightening household duties, cities are more free to develop functionally for the harmonious living of their populations. Advances in public health and in medicine are making for healthier city populations which can enjoy the leisure made available to them by shorter working hours.[39]

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[38] John F. Cuber, Sociology, *A Synopsis of Principles;* D. Appleton-Century, New York, 1947, pp. 351–2.

These technological advances, together with the social factors already mentioned, will influence the future of the city and the countryside. They will influence the distribution of population, the inter-communication of communities, and the ideas, attitudes, and standards of living of millions of people. Because of the vast number of recent technological changes, centralization and decentralization can be complementary, rather than antithetical, processes. In the last analysis, the future of our cities depends largely upon the plans made to meet the needs of our rapidly changing social order.

The National Resources Committee. A Committee report on urbanism includes the following predictions on the trends and the future of the American city:[40]

Looking into the future, the Committee does not anticipate the decline of urban population or the wholesale dispersion of great centers of population. Provided that the urban community possesses a fundamentally sound economic base and has a site whose disadvantages are not too costly to overcome, the Committee is of the opinion that the realistic answer to the question of a desirable urban environment lies, not in wholesale dispersion, but in the judicious reshaping of the urban community and region by systematic development and redevelopment in accordance with forward-looking and intelligent plans.

Urban planning is, of course, set in a framework of county and state governmental arrangement, and is closely tied up with the social programs and policies of the nation. The city may contribute the improvement and development of its own physical structure and, to some extent, of its politico-economic structure and process. But the city cannot of itself solve the great national problems of contemporary industrial organization in a political democracy. The settlement of these larger questions requires the friendly cooperation of city and country alike, of national, state, and local governments, and of many other nongovernmental associations as well.

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[39] Bernhard J. Stern, "The Challenge of Advancing Technology"; *The Annals*, Vol. 242, Nov. 1945, pp. 46–52.

[40] National Resources Committee, *op. cit.*, p. XIII.

The prosperity and happiness of the teeming millions who dwell in the cities are closely bound up with that of America, for if the city fails, America fails. The nation cannot flourish without its urban industrial centers, without the countryside, or without a sound balance between them. City planning, county planning, rural planning, state planning, and regional planning must be aligned together in the higher strategy of American national planning and policy to the end that our national and local resources may best be conserved and developed for our human use.

TERMS TO BE UNDERSTOOD

city
rural community
social mobility
zone of transition
multinuclear structure
slum
metropolitan district
anonymity
rural farm population
rural nonfarm population
heterogeneity
density
concentric zones
sector theory

QUESTIONS FOR DISCUSSION

1. Why did cities grow at a slower rate during 1930–1940 than in any previous decade? Why was this true also during 1940–1950?
2. Why is there a trend toward moving to suburbs? How could it be retarded or stimulated?
3. What are the chief differences between urban and rural life? In what respects are they now greater or less than they formerly were?
4. Compare urban development before and after the Industrial Revolution; farm development before and after the Agricultural Revolution.
5. Discuss the effect of steam upon cities. Discuss the effect of electricity upon cities. How do these effects differ?
6. Discuss factors contributing to present-day farm problems. What recent legislative measures have been undertaken to relieve the problems?
7. If political boundaries do not adequately define cities, what will serve as a better way of defining the limits of cities?
8. What changes in the planning of cities are necessary to meet the threat of modern warfare?

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Chapter Nine

RACIAL AND CULTURAL RELATIONS

The study of the racial and cultural groupings of mankind reveals important influences upon the way in which men act toward one another. It helps us to understand the beliefs that have been built up, the feelings and sentiments that have been generated among men, their contact and avoidance, their esteem and disesteem, their prejudgments and expectations of one another. Race and culture are phenomena which evoke deep emotions and reactions, which are the source of tensions, divisions, and conflicts within this country and throughout the world.

It is important to distinguish between the terms *race* and *culture* as used by scientists and to distinguish these meanings from those often ascribed to them by propagandists.

A race, in the biological sense of the word, is a group of people who possess a common set of hereditary physical characters which serve to distinguish them from other groups of people. The source of most difficulties in the use of the race concept is the general confusion of culture with race. According to the popular conception, race differences are supposed to be reflected in the type of culture, the national outlook, and other features of social behavior. The validity of this belief, however, has never been demonstrated.

It has been shown that groups differ to some degree in physical characteristics, and it is obvious that cultural practices, also, are highly variable; but it has not been proved that race determines culture. Throughout the world we find different racial groups with essentially the same culture; on the other hand, members of the same race living in diverse areas of the world often exhibit utterly different cultural patterns. These statements could not be true if race determined culture. The confusion arising from the use of the term "race," therefore, stems from the failure to recognize that race is a biological fact, whereas culture is a social fact. It is desirable, then, to obtain an appreciation of the nature and function of biological inheritance and of the social heritage before attention can be properly focused on the problems of race and culture.

Human beings differ from one another. Sometimes these differences are great, as between the two sexes; but in most instances the difference is one of degree. Human variability is significant in social life, for we are prone to rank human differences, and to pass judgments on them as good or bad, successful or unsuccessful, beautiful or ugly. Consequently, it is important to trace the relation of human variability to both biological heredity and the social heritage.

Heredity is often regarded as setting the limits to human variation. Simply stated, heredity operates through certain structures which are transmitted through the germ plasm. There are instances where environmental influences change the physical characteristics of men even when no changes occur in the hereditary makeup of the individuals. Children in prosperous city neighborhoods are usually taller and heavier than children in poorer sections.[1] These differences in physical structures take place without reference to selection or to heredity, but through such factors as improved diet and medical care, and better conditions of living.

The Division of Races. All men belong to the same genus, *homo*, and the same species, *sapiens*. Yet there are certain observable physical differences in man, such as distinguishable proportions of head and face, eye, ear, nose, mouth. All these traits are extremely variable; and no single trait has any diagnostic value with regard to race. All races are mixed races; there are no pure races. Nor are races fixed and immutable. The members of the human species vary through a continuous series, and it is highly arbitrary to make a division of human beings into races. Nevertheless, scholars generally agree on some classification among men on the basis of inherited physical resemblances and differences. There are three great branches of the human species: the white (Caucasoid), the yellow (Mongoloid), and the black (Negroid) races.

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[1] William F. Ogburn and M. F. Nimkoff, *Sociology*, Houghton Mifflin Co., Boston, p. 82.

The Caucasoids are considered as a separate race, though some scholars consider them as offshoots from the Mongoloids. Most of the Caucasians live in Europe and the Western Hemisphere. The Caucasion has a fairly high thin nose, smooth (wavy to curly) hair, minimum prognathism (the degree of the protrusion of the jaws), and is relatively hairy. Though the Caucasian is usually described as having a white skin color, actually his color is extremely variable. He has no characteristic cephalic index (the ratio of the maximum breadth to the maximum length of the head, as seen from on top, and expressed in a percentage), no characteristic body height, hair color, or eye color.

The Mongoloid, or yellow race is marked by a round head and straight hair. Mongoloids are usually glabrous (that is, they have very little facial and body hair). The skin color varies widely, the cephalic index covers the whole human range. The oblique or "Mongolian" eye is peculiar to the yellow people of eastern Asia. The American Indians, who probably migrated here about ten or fifteen thousand years ago by way of the Bering Straits, which were then covered with land, are in some respects differentiated from most of the yellow stock.

The most agreed-upon and clear-cut separate race is the Negroid. Black skins, kinky hair, long heads, thick lips, marked prognathism, and broad flat noses are the characteristic traits of the Negroids. The body height of Negroes varies greatly, including the tallest and shortest individuals known.

Each of these broad racial divisions, in turn, may be divided into subraces. Here, however, is the point at which there is most disagreement. The task of classifying individuals into races would be greatly simplified if the influences of selection and environment were relatively unimportant; but, since individuals are subject to these forces, it is difficult to classify a race into finer subdivisions. Notwithstanding, the Caucasoid race is divided into four subtypes. The Nordic, in northern Europe, is supposed to exhibit a tall stature, fair hair, blue eyes, and a long head. Yet only 30 per cent of all Swedes measure up to the Nordic type. Surrounding the Mediterranean Sea live a people who are relatively short, dark-haired, long-headed, and oval-faced. These are known as the Mediterraneans. The Alpine type exhibit dark hair and eyes and especially wide cheekbones. They are found in Central Europe and in Great Britain. The Hindus, living in India, have dark skins.

The subtypes of the Mongoloid race, which include the Asiatic Mongoloids, the Malay, the American Indian, and the Eskimo, are not so greatly differentiated among themselves as are the subtypes in the Caucasoid race. The Negroid race is made up of two large divisions, the African Negro and the Oceanic Melanesian. There is a minor third subtype, the Negritos or Pygmies, who are few in number but live in scattered areas in New Guinea, Philippines, the Malay Peninsula, the Andaman Islands in the Indian Ocean, and in equatorial Africa.

Culture. Culture is the way of life of any society. It includes morals, law, custom. It may be identified with the arts, literature, and philosophy. Culture includes family, government, all that man expounds in the way of belief, ideas, codes and all that he has created in the form of tools, weapons, shelter. Everything established by man, material and non-material, comes within the concept of culture. The realization that different societies have varying ways of life goes back to ancient days. The pattern of culture in China differs from that in the United States, in both practices and beliefs. The family in China follows a different pattern; it is larger, includes more members. The Chinese family is more closely associated with religious institutions, as indicated by ancestor worship, and is the chief unit of economic production. Japan's culture was likewise characterized by ancestor worship, respect for learning, politeness, divinity of the emperor, militarism. After World War II, these two latter patterns have been changed rapidly, one may almost say forcibly.

American culture has unquestionably been affected by technology. We tend to esteem financial success, are proud of our high standard of living, love pleasure, value a sense of fair play, and have faith in democracy. However, the American culture is not the same in every section of the country. Although there is much in common, there is also a varying culture as between North and South, East and West and Middle West.

Culture grows largely by diffusion. Only a small part of the social heritage of an area is of local origin. Much of it is borrowed and foreign. Every culture is the outgrowth of existing traits. Every invention is the result of many inventions that have preceded it. The modern weapons of war, for example, go far back to those of early days; the architect of today partakes generously of the treasures of the past. Ideas likewise can be traced back to older cultures. This fact also suggests that the things that are to come will grow out of what we have now.

Culture is not inborn. The members of each generation receive a cultural heritage from preceding generations. They use their transmitted culture, add to it, modify it, and, in turn, hand it on to their descendants. Thus, any given generation is both a recipient and a carrier. There is continuity to culture. Culture, then, is not determined by man's germ cells, but is learned behavior. The elements composing it are shared and transmitted by members of a particular group.

Culture is characterized by its diversity. It takes on many forms. The different cultures contain within them unique ideas and beliefs, which are revered by the members of the group, and many of which come to be accepted by other societies. Thereby the varying groups make valuable contributions to the whole world. Each new generation lives in and by the cultural heritage of earlier generations; but the pattern does not remain static. The descendants build upon the old patterns, modifying their culture to meet their needs in the changing society in which they live. We, in the United States, are the heirs of many and varied cultures, which enrich the pattern of living for all of us.

Racial Superiority. Most of the present-day interest in the consideration of race lies in the attempt of various individuals and groups to prove that certain peoples have highly developed societies because of their superior racial qualities. This notion of race is not peculiar to our times. Yet, as previously indicated, all races are mixed races; there are no pure races. Moreover, there is not the slightest scientific proof that race determines mentality. Every race has its mentally strong and weak individuals, its great intellects and its idiots, its men and women of strong and weak character. The existence of any pure race with special endowments is a myth, as is the belief that there are races all of whose members are inferior. The important fact in race relations, however, is what people *think* the racial characteristics are, rather than what the facts of the matter are. Race consciousness is often connected with a belief in the superiority of one's own race; and racism feeds on the unproved assumption that differences in cultures among peoples are due to biological causes.

One manifestation of this claim of racial superiority has been the attempt to arrange the Negroids, Mongoloids, and Caucasoids in a series that would show which race has developed furthest from ape characteristics. The facial angle, which is made by two lines drawn from the base of the nose to the orifice of the ear and to the front of the skull, shows the Negroid to be nearest. However, the hair-form of the ape is straight, while the Negro, who has kinky hair, is farthest removed in this respect. Again, when we consider the amount of hair on the body, we find the Negro is farthest removed. The lips of the Negro are red and full; those of the whites are pale and thin, more like the lips of the apes.

Much significance has been attached to the relation of the size of the cranium to racial superiority. The apes have small craniums, and in this respect the Negroes are closest. White people have larger craniums, and the yellow man has the largest. The brain size of Neanderthal man, who lived during the Paleolithic or Old Stone Age at least 25,000 years ago, is about 1,500 cubic centimeters, which is approximately the general size of that of modern man. The Eskimos are reported to have slightly larger heads than the whites. It would indeed be naive to make college entrance dependent upon the size of the cranium. The foregoing examples indicate that there is no single-line arrangement of features of human races with reference to the degree of resemblance to the anthropoids. Even if there were such an arrangement, it would still have to be proved that such a relationship signifies racial superiority.

Certain diseases, such as smallpox, malaria, and venereal diseases, and cancer, have been studied from the point of view of their degree of incidence among the major races. There may possibly be racial differences in susceptibility toward diseases, though the facts also show that differences in climate, sanitation, and other environmental influences play an important part. It appears that no racial group has a monopoly of good or bad hereditary qualities. Such differences of moral behavior and character as seem to exist between racial groups are due principally to inequalities in the opportunities for social and economic betterment.

The most direct way by which racial superiority has been studied is by attempted measurements of innate mental capacity. The mental tests which psychologists have administered to members of the different races suffer from the fact that it is not known exactly what "inherent mental capacity" is. Thus, all mental tests are really, at least in part, achievement tests. In fact, it is worth noting that "it turns out in nearly every case that the people who come off best in the tests belong to the same racial group as that represented by the makers of the test."[2] The lack of uniformity in the cultural background of individuals, therefore, makes the results of these tests difficult to compare. The most definite statement that can be made at the present is that the modern movement for testing intelligence and ability has demonstrated that, if we take at random a large enough sample of the people in any race, there are some who are high and some who are low, while the huge majority of them are average in intelligence.

"In discussing the important question of racial differences, men are wont to forget the vital fact that structure is inherited, but behavior is not."[3] Individuals definitely differ in their inherited capacities; but the social and economic opportunities a person has are also important in the final determination as to who will be the musician, mathematician, or successful business man. Faris tells of the Janizaries, who were Christian boys reared by the Turks. These boys became fanatical Mohammedans and, "to make the irony complete, were used as guards and troops against the Christians."[4] As a group, the Eskimos cannot count beyond ten, nor have they the need to do so; but some Eskimos have learned calculus as a result of association with teachers of the subject.

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[2] Robert Redfield, *The Social Implication of Race*, unpublished manuscript.

[3] Wm. F. Ogburn and M. F. Nimkoff, *op. cit.*, p. 100.

[4] Ellsworth Faris, *The Nature of Human Nature*, McGraw-Hill Book Co., New York, 1937, p. 334.

Racial Prejudice. Even if it were proved that the major races of the world are merely abstractions, or that races, though real, are equal in every respect, the vital question is what men call "races" when they show racial prejudice. "When one views the recent and present relations between races in different parts of the world he must necessarily be impressed by the magnitude, the tenacity, and the apparent spontaneity of racial prejudice."[5]

Thus, most people regard prejudice as inevitable, as arising from some simple inherited tendency, such as an aversion which is bound to express itself and to dominate race relations. Yet, the thesis that racial prejudice is a product of inborn attitudes has been completely repudiated. The actual facts of race relations indicate that race relations are variable. Frequently, "racial prejudice may not appear in racial contacts; if present, it may disappear; or, although present, it may not dominate the relations. Instead of thinking of racial prejudice as . . . [a] . . . simple matter it must be viewed as a highly variable and complex phenomenon. . . . There are many instances where members of divergent races may associate in the most amiable and free fashion, inter-marrying and erecting no ethnic barriers between them. In other instances there may prevail rigid racial exclusion, supported by intense attitudes of discrimination."[6]

In America, we know of the Southern-white prejudice toward the Negro, but the intensity of prejudice of the South African white against his colored neighbors is even greater. Practically all groups of the most recent immigrants to America have been the object of prejudice on the part of already-settled immigrants or their offspring.

In the 1880's, excluding the Chinese became a national issue, though the first Chinese were welcomed and thought interesting. The Turks are unfavorably regarded by millions of Americans who have never seen a Turk. At one time the physical differences between the Normans and the Saxons in England were accompanied by strong prejudices, though today such prejudices have disappeared. These examples serve to indicate the variability of race prejudice, and the fact that its presence is a product of certain kinds of experiences and situations.

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[5] Herbert Blumer, *The Nature of Race Prejudice,* Social Process in Hawaii, University of Hawaii, Hawaii, June, 1939, p. 11.

[6] *Ibid.*, p. 11.

Though the chief feeling or emotion involved is one of dislike, hatred, or aversion, actually racial prejudice is not so simple. Instead, it is made up of a variety of feelings and impulses of differing combinations and intensities in different situations.

> Hatred, dislike, resentment, distrust, envy, fear, feelings of obligation, possessive impulses, guilt—these are some of the feelings and impulses which may enter into racial prejudice. . . . Some of these feelings and impulses may be vivid and easily identified; others are obscure; and still others may be present without their presence being realized. . . . The impulses and feelings that come to be embodied in a given instance of racial prejudice have been induced and shaped by past and present experiences.[7]

Moreover, racial prejudice is often a means for the release of various feelings which may be the result of experiences having no relation to the group towards whom prejudice is shown.

IMMIGRATION POLICIES AND DIVERSIFIED CULTURES

The United States is, to be sure, a country of immigrants. All of our people, unless they can lay claim to Indian descent, have come from foreign lands or are descended from those who did. Our population has been fed steadily by immigrant streams of diversified cultures. The colonial population was basically Anglo-Saxon, yet there were important non-English elements. There were Dutch, French, Germans, Swedes, Danes, Jews, Finns, and Huguenots in the large cities. All brought with them to these shores not only their worldly goods but their varying cultures. This country received 30 millions in the nineteenth century. They came from every section of the world and from all walks of life.

Despite some sentiment against immigration, the gates of the United States stood open from the beginning of American history until World War I; and the American people, for the most part, offered a generous welcome to those who came to our shores. Up to 1890, the majority of the immigrants were from Great Britain, Ireland, Germany, and the Scandinavian countries, those of the so-called "old strain." Then the immigration from southern and eastern

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[7] *Ibid.*, pp. 14–5.

Europe began to exceed that from northern and western Europe. Canadian and Mexican immigration increased. Nativists, however, have continued for many years to demand restrictive legislation, and eventually succeeded in almost completely closing the doors to immigrants. The first national legislation came in 1882, when the Chinese Exclusion Act was passed. Shortly thereafter, other restrictions were passed by which paupers, the physically unfit, and laborers under contract to employers were excluded. Organized labor was influential in bringing about the enactment of this last provision, and continued to advocate restrictive legislation. In 1917, a literacy test was enacted over the veto of three successive presidents, who regarded it as an ineffective test and a penalizing of unfortunate men and women whose government had not given them the opportunity for even a minimum education. Then a new policy appeared, designed to limit immigration drastically. No longer were personal defects taken as a basis, but a "quota" system was adopted which permitted only a given number to enter from any country. This enactment is known as the "National Origins Law," under which immigrants, if qualified in other respects, are admitted on the basis of the quota assigned to their country of origin.

The national origins system has reduced the number of immigrants so much that European immigration has almost ceased. In fact, until the outbreak of World War II, the number leaving this country exceeded those entering on a permanent visa. Nor has the entire quota in any given year been exhausted. Legislation by the Eightieth Congress modified the National Origins Law so as to enable this country to admit more displaced persons; but, regrettably, the law in effect discriminates against Catholics and Jews. Perhaps a succeeding Congress will wipe out such discrimination. The policy of this country has changed considerably since the days when the Statue of Liberty was erected on our shores.[8]

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[8] A poem by Emma Lazarus, inscribed on the base of the Statue of Liberty, reads:

> "Keep ancient lands, your storied pomp!" cries she,
> With silent lips. "Give me your tired, your poor,
> Your huddled masses yearning to breathe free,
> The wretched refuse of your teeming shore,
> Send these, the homeless, the tempest-tost to me!
> I lift my lamp beside the golden door."

Contribution of the Immigrants. An attempt to describe the contribution of the immigrants and their children to this country, if successful, would be a portrayal of the progress of America. Every group has brought its gift of brawn, skill, and culture, with which they have enriched the land of their adoption. The early settlers suffered and struggled to maintain themselves. They built up the land and made it fruitful for their descendants. Every succeeding wave of immigrants has done the difficult work, the "black work," the least desirable tasks. Through hard labor, thrift, and industry, this country has been built up from coast to coast.

The immigrant peoples must be given considerable credit for tilling the land. The Germans, the Scandinavians, the Bohemians, the Japanese, the Dutch, the Danes, the Swiss, and the Poles have been excellent farmers. They have done much to develop dairying and livestock raising, and have made great contributions in the mechanical and technical fields. Those who came later, the Russians, the Slavs, and the Italians, built our railways, subways, tunnels, sewers, highways. They have made available our natural resources, mining our coal, iron, and copper. They work in our steel mills and factories.

The foreign-born and their children have exerted considerable influence in science and industry. America is far richer in the field of education, art, and music because the immigrants reached these shores. They have played an important role in the social progress of this country through the sweat and toil of the masses and the genius of their gifted sons. The stage, the opera, the concert hall, the symphony orchestra, the conservatories, all owe a great debt to the foreign-born and their children. During the period of Nazi supremacy, again men driven from their native shores sought our land and brought us their great gifts: Einstein, Fermi, Mann, and many others. American history is enriched with the varied contributions of the people of every land. Industry, business, cultural organizations, and American sport bear testimony to the successful participation of many nationalities.

The Americanization Process. Americanization involves the social adjustment of the immigrant to the American environment. It is a process by which immigrants come to participate in the life of the nation. In a broad sense, however, it includes not merely the immigrants, but also the second generation, reared in a cultural environment different from that of their parents, and, further, the old Americans, whose attitude is often one of intolerance and prejudice toward the foreign-born and their children. Americanization involves not only the newcomer but native Americans as well, and is reciprocal in character.

"Americanization" refers to both the legal and the cultural processes of transforming the alien into an American. The legal process by which the alien becomes a citizen in the eyes of the law is known as "naturalization." Every person living in the United States is either a citizen or an alien. In this country, the alien has almost the same rights as a citizen. He must obey the laws, but he is also entitled to "the equal protection of the laws."[9] Usually, he is free to find employment as does any citizen; but, in many states, one must be a citizen in order to engage in any of the professions. An alien does not have the privilege of voting or holding public office. In 1940, Congress passed a law making it obligatory for every alien in the United States to register and to be fingerprinted. Nearly five millions registered. Recent arrivals have an awareness of the benefits that American citizenship confers, and hence are eager to follow the naturalization process as prescribed by law so that they may become citizens.

Accommodation and Assimilation. Every continuing group cherishes a particular set of social values, a tradition, a history, a language, and a religion. Each group believes its standards, its culture, good. Each group tends to regard its own ways as refined and excellent. In a world of differences, men must develop working arrangements to eliminate conflict without the complete destruction of the different. *Accommodation* is an adjustment by which the identity of the respective groups is not lost. It mitigates conflict between persons or groups, enabling persons or groups widely separated by social distance to carry on activities while forestalling undesired assimilation. Accommodation rests upon mutual acceptance, real or apparent, on the part of conflicting groups.

Assimilation refers to the manner by which two or more cultures

[9] United States Constitution, Article XIV, Sec. 1.

are merged. It means the sharing and fusing of folkways and mores. It is a process by which persons and groups assume the memories, sentiments, ideas, and attitudes of other persons or groups, and, by sharing their experiences, become incorporated with them in the common cultural life of the nation. It is a reciprocal process, resulting in a new combination of elements. While the process of accommodation is largely conscious, in assimilation, on the other hand, the individuals and groups are usually quite unconscious of the fusion of ideas, attitudes, and habits that is taking place. Accommodation is relatively swift when contrasted with assimilation.

VIEWPOINTS ON AMERICANIZATION

Naturalization makes an American citizen out of the alien in the eyes of the law. Most aliens, however, strive to become *real* Americans—rather than merely "legal" ones—as quickly as possible. "Americanization" has been defined as an adjustment to the American pattern of life. To be sure, not all are agreed as to the American pattern, nor do all hold the same views as to how the immigrant is to be transformed into an American; nor do they agree as to how much of his old cultural raiment should be discarded, how much he may retain, if any, and how much of the new he must assume.

The Dominant-Group Viewpoint. One viewpoint is that America is already populated with a fairly homogeneous type, which in race and culture is predominantly Anglo-Saxon. All newcomers from foreign countries must divest themselves of their old character and their past traditions as soon as possible. They must accept completely the American customs, and eradicate all ethnic distinctions. In this view, American culture is not to be modified or influenced by the various types of culture of the different minority groups. The immigrant must forget the land of his birth and wipe out all recollections of its traditions. The newcomers must do all the changing and mold themselves in the form of the dominant group. This view, as stated by its proponents, means a complete forgetting of all connections with other countries through descent or birth. It fails to recognize the positive terms of a loyalty to the new life, but emphasizes the negative attitude toward the past of the immigrant.

This dominant-group standpoint advocates a fixed type of culture, as against a diversified culture enriched by the tradition of many peoples. Its acceptance tends to break down loyalty to the immediate family, and evokes a feeling of contempt for the language and customs of the old country. The children feel superior to their parents, looking down upon them because of their foreign ways. The parental control breaks down, and the chasm between the parents and children broadens. This viewpoint, with its attendant results, has been a source of disorganization in the life of the immigrant. To regard America as belonging to the Anglo-Saxon race, or to any other, is a notion contrary to the fundamental idea of democracy and to the principle of free institutions. It preaches a doctrine of superiority of race which the totalitarian dictators used to arouse hatred among peoples and thus to weaken democratic countries by breaking their unity. Such a doctrine is not in consonance with American ideals. A program of Americanization based upon the superiority of one group would impose a superficial American pattern upon the newcomer and violate the most profound feeling in American tradition, namely, a decent respect for the worth of the individual. To interpret Americanism as the culture of one definite group denies the immigrant the right to modify and contribute to the development of American institutions. This conception implies a static, instead of a growing, developing, dynamic nation.

The Melting-Pot Viewpoint. Another viewpoint, although it is broader than the complete assimilation approach, agrees with the latter in that both aim for the disappearance of divergent cultures within the American framework. The melting-pot view slows up the process. The difference between these two standpoints is a matter of degree; both desire the complete absorption of the immigrant into the common pattern. The melting-pot viewpoint gives the newcomer a part in the development of American culture, and welcomes the contribution of the newer ethnic elements. Americanism is regarded as in the making. This conception implies that the cultural heritages should be refined and melted in one common crucible. The minority cultures are to be incorporated slowly into the American cultural stream. A lowering of the morale of the immigrant is to be prevented. Pride in his past and in his people is to be encouraged until the ultimate fusion takes place. Old cherished customs and old ideals are not to be forsaken too rapidly. The tragedy of disintegrated families with a loss of social control over their members is to be avoided by keeping the children faithful to the old life and bringing the parent nearer to the new. But even the melting-pot standpoint does not sufficiently recognize the vital needs of our minority groups, nor does it provide for the preservation of the rich cultural values of age-old groups. Every group cherishes its set of social values, its cultural heritage. There are groups which wish to continue and desire to make their contributions perennially, and not once-for-all and then disappear.

Cultural Pluralism. Another school of thought is convinced that it would be a great loss to American life to disregard the rich and varied heritage which these many groups may continue to make to American life. It does not believe that the solution lies in the complete assimilation of all minority groups and the eventual blending of all nationalities into a composite pattern. The 1938 Report of the National Resources Committee on the *Problems of a Changing Population* states:

> There are undoubtedly powerful influences working at present in opposite directions. One set of forces tends toward the totalitarian state through the suppression of racial and cultural diversity and conflicting interests of all sorts. The other set of influences fosters cultural pluralism, the free adjustment of conflicting interests, group and individual initiative, and thus makes for the preservation and furtherance of democracy.

Cultural pluralism makes possible the adjustment of minority groups within major cultures. This doctrine assumes that no one culture contains all favorable elements, but that each group which is a component part of the American population has unique, worth while values to offer. The viewpoint of cultural pluralism enables cultural traits to be preserved. It does not require complete assimilation. It dignifies values and practices different from those of the dominant group. It creates a feeling of pride for them, and then blends them into the best cultural patterns of American tradition.

MINORITY GROUPS

Minority groups, both in this country and in the world generally, constitute a major problem in the relationship of human beings toward one another. A *minority* may be defined broadly as a group which is treated, or which regards itself, as a people apart. Thus, Louis Wirth defines a minority as a group of people who, because of their physical or cultural characteristics, are singled out for differential and unequal treatment in the society in which they live, and who therefore regard themselves as objects of collective discrimination. The extent to which the group can be distinguished usually indicates its degree of apartness. The existence of a minority implies the existence of a dominant group enjoying higher social status, and implies further the exclusion of the minority from full participation in the benefits of the life of the society. The dominant majority in the United States is Caucasian, English-speaking, Protestant, of Anglo-Saxon European background. Outside of this dominant majority, there are Catholics, Jews, Negroes, Mexicans, Indians, Chinese, Japanese, and Filipinos. The diverse population of the United States also includes people who live in the territories of the United States. Although the majority group outnumbers any particular minority group, its dominant position is less apparent when the minorities are added together.

Minorities have suffered discrimination throughout the ages. History is replete with the record of man's inhumanity to minority groups in every land. It was the Nazis in our own day who set afoot the most brutal and far-reaching plan in the treatment of minorities. Launching upon a program of racism, they made use of race hatred as one of the most effective weapons in coming to power. With the knowledge that hatred arouses and unites men in action, Hitler vilified the Jews, blamed them for all ills, and proceeded to torture and kill members of a group which had lived in Germany for hundreds of years and which differed from the majority group neither physically nor culturally to any significant degree. As the Nazi conquerors advanced, their brutal policy included all peoples of the lands they subjugated. Millions were enslaved and millions killed. The evils of racism have not disappeared with the defeat of the Nazis but continue to present exceedingly difficult problems.

THE PRESIDENT'S COMMITTEE ON CIVIL RIGHTS

Race prejudice and hatred of minorities is not limited to the few. Large sections of the population possess biases toward various minority groups, resulting in intolerance and the withholding of elementary rights from many. Launching an attack upon the discriminations practiced and the civil rights denied minority groups, President Truman in 1946 appointed a Committee on Civil Rights. Their function was to determine in what respects law-enforcement measures and the authority and means possessed by the Federal, state, and local governments could be strengthened and improved to safeguard the civil rights of the people. This Committee, while taking cognizance of the great progress which this nation has made, focused its attention upon the bad side of the record, upon the flagrant abuses and denials of civil rights to various minorities. It declared:

> The central theme in our American heritage, is the importance of the individual person. From the earliest moment of our history we have believed that every human being has an essential dignity and integrity which must be respected and safeguarded. Moreover, we believe that the welfare of the individual is the final goal of group life. Our American heritage further teaches that to be secure in the rights he wishes for himself, each man must be willing to respect the rights of other men. This is the conscious recognition of a basic moral principle: all men are created equal as well as free. Stemming from this principle is the obligation to build social institutions that will guarantee equality of opportunity to all men. Without this equality freedom becomes an illusion.[10]

THE NEGRO IN THE UNITED STATES

General Aspects. By far the largest minority is the Negro group; one of every ten Americans is a Negro. A group whose color makes it identifiable is more easily set apart and more easily discriminated against. Among the groups considered by some as unassimilable, the Negro is the largest. Gunnar Myrdal states: "The American Negro problem is a problem in the heart of the American. The Negro problem is primarily a moral issue. It is a white man's problem. The subordinate position of Negroes is perhaps the most glaring conflict in the American conscience, although by no means the only one."[11] The Negro is a problem to the average American because in

[10] The Report of the President's Committee on Civil Rights in accordance with Executive Order, December 5, 1947: *To Secure These Rights,* U. S. Government Printing Office, Washington, D. C., 1947.

[11] Gunnar Myrdal, *An American Dilemma,* "Introduction," Harper and Brothers, New York, 1944, p. XXIII.

the case of the Negro the American creed is so clearly violated. A conflict arises between the status actually awarded him and the democratic ideals of an American. Myrdal calls this conflict "an American dilemma." The treatment of the Negro is at odds with all democratic protestations, as well as with logic and humanity. The Negro in America has, as yet, not been given the elemental civil and political rights of democracy, nor the fair opportunity to earn his living which, according to our principles, is held out to every American. The average Negro experiences many more abnormal interracial relations than the average white man in America realizes. The Negro, in general, suffers more kinds of inequality than does any other minority in the United States. There is scarcely an aspect of American life in which differential treatment of the Negro is not practiced.

Political Rights. In the post-Civil War period, "grandfather clauses" were used as thinly disguised efforts to disfranchise the Negro by imposing drastic educational and property qualifications on voters, but exempting descendants of persons who could have voted in 1866. When these clauses were declared unconstitutional, other devices were used. In some Southern states, the Democratic party passed resolutions barring Negroes from the primary. In 1944, in the case of Smith vs. Allwright, The United States Supreme Court held the Texas white primary to be a violation of the Fourteenth and Fifteenth Amendments. Various attempts have been made to dress up the white primary law, but all have failed and been declared invalid. Many of the Southern states still attempt to deny the Negro the right to vote by terror or intimidation. Seven states—Alabama, Arkansas, Mississippi, South Carolina, Tennessee, Texas, and Virginia—still maintain the poll tax as a prerequisite to voting. The poll tax has curtailed the size of the vote of both whites and Negroes. In 1944, 18.3 per cent of potential voters voted in the poll tax states, while in the nonpoll tax states 68.7 per cent did so. A bill to forbid the requirement of the poll tax as a prerequisite for voting in Federal elections has passed the House many times, but has been filibustered to death in the Senate.

Civil Rights. A basic right of each individual is that of fair, orderly, legal process and security against violence. Many citizens still live under the fear of violence or death at the hands of a mob or of brutal treatment by police. Many such incidents, justifying that horror and fear, occur every year. Available statistics show that lynchings have decreased; but the President's Committee found that lynching still remains one of the most serious threats to the civil rights of Americans. It is still possible, in some sections of the country, for a mob to abduct and murder a person with almost certain assurance of escaping punishment for the crime. Communities in which lynchings occur tend to condone the crime. Punishment of lynchers is not accepted as the responsibility of state or local governments; often state officials participate in the crime actively or passively. Federal efforts to punish the crime are resisted.

The President's Committee reports that, not only do some public officials fail to carry out their most elementary duty concerning the protection of persons against mob violence, but also that there are varied forms of official misconduct, physical attacks by police officers, third-degree methods to extort confessions, and brutality against prisoners. The Committee reports that the incidence of police brutality against Negroes is disturbingly high.

There are other factors that deny a poor and friendless Negro full justice. His poverty may prevent him from posting bail or bond. Courts themselves have failed at times to administer justice to minority groups. The United States Supreme Court, in a number of recent decisions, has censured state courts for accepting evidence procured by third-degree methods, as well as for failing to provide accused persons with legal counsel and for excluding Negroes from jury lists.

The power of the Federal government to deal with the denial of civil rights has been limited. Some progress has been made by the Civil Rights Section of the Department of Justice. A substantial increase in its appropriation and staff will enable it to act more effectively to prevent civil rights violation.

Military Relations. There has been a definite unwillingness in practice to use Negroes in all branches of the armed forces. The War Department has declared, however, that it "intends to continue its efforts to make the best possible use of available personnel resources in the post-war Army and in any future emergency, without distinction as to race, religion, color, or other non-military considerations." The Navy Department, speaking for both the Navy and the Marine

Corps, has stated that "no distinction is made between individuals wearing a naval uniform because of race or color. Negroes shall be eligible for all types of assignments in all ratings, in all activities, and all ships of the service." The spirit of this order, has not been fully implemented, for more than two-thirds of the Negro personnel are employed as stewards or in commissary units. The Coast Guard has stressed "the importance of selecting men for what they are, for what they are capable of doing." The Air Force now trains Negroes in all branches, including fighters and bombers, though the majority of its Negro personnel are service troops.

The proportion of Negro officers is low in the Army: less than one Negro in seventy is commissioned, as contrasted with one of every seven enlisted whites. In the Navy, these figures are: less than one Negro officer for 10,000 enlisted Negro men, as against one of every seven enlisted whites. The military academy at West Point has admitted thirty-seven Negro cadets in seventy-five years; the Naval Academy at Annapolis, only six; the Coast Guard Academy, none. The states make regulations concerning enlistment of Negro units in the National Guard. Most states do not have Negro units; of those which do, all but three require segregation. The President's Advisory Committee on Universal Training stated that it considered harmful the policies of the states which exclude Negroes from their National Guard units, and that it believes that total defense requires the participation of all citizens in the defense forces. It is heartening to note that New Jersey, in its recently adopted constitution, prohibits racial segregation in the militia and in the schools. The Veterans' Organizations, with the exception of the American Veterans' Committee, favor segregated posts for Negroes. In every major war the American Negroes, cause has moved ahead to some degree. The President's Committee states that the evidence shows the record is becoming better, but we have a long way to go to attain the objective of equal treatment in the armed forces.

Economic Relations. The economic situation of Negroes is far from satisfactory. Except for a small but growing proportion enjoying upper or middle class status, the masses of American Negroes have low and irregular incomes. Practically all the economic, social, and political power is held by whites. Most Negroes in the South are concentrated in the lowest occupations in agriculture, such as those of sharecropper or farm laborer, at low wages. Their housing, food, and clothing are totally inadequate. Mechanization until recently has not been important, because cheap labor made it unprofitable; but the mechanical cotton picker and cotton chopper will eventually diminish work opportunity for the Negro. Only a part of the present farm population in the South has any future on the land. Therefore the Negro of necessity must seek employment outside of agriculture.

Many Negroes migrate to the industrial cities of the North, while others leave for nonfarm areas of the South. Practically everywhere they are confined to unskilled occupations and to semiskilled occupations which are unattractive to white workers. Negroes are kept out of certain industries in the North as well as in the South. The textile industry in the South has grown tremendously, but only a very small percentage of Negroes find employment in the mills. As a wage earner, then, the Negro is excluded from many trades. He is commonly held down to the status of laborer.

The poverty of most Negro families forces Negro women as well as Negro boys into the labor market; yet more Negroes are unemployed than whites. During the period of large-scale public relief, Negroes received fewer benefits in relation to their needs; but because they were so much poorer than whites, their numbers on the relief roles were greater than their percentage in the population.

In the business and professional world, the poverty of the Negro limits his opportunity. Moreover, Negro business men, professionals, and white-collar workers are dependent upon the Negro community for their market, unless they serve in public institutions, such as schools, hospitals, or government institutions. The Negro retail trade, as compared with white retail trade, is negligible. Negroes in service trades, such as morticians, barbers, and beauticians, get on relatively well. Teaching is the principal Negro profession, with the clergy as the second largest. In the segregated school systems, the Negro teacher has complete monopoly in Negro schools; but where schools are mixed, Negro teachers find few opportunities. There is more hope for the Negro in public service than in most other work. The New Deal had a friendly attitude toward employment of Negroes in the Federal administration. While this practice continues to be the policy of the Federal government, as well as of many state and municipal governments, it does not mean that all discrimination in government jobs has disappeared. On the stage and screen, in music, and in sports, the Negro has often been able to make good. There is a shortage of Negro medical personnel, that is, of doctors, nurses, and dentists. Even if a young Negro can meet the cost of a medical education, he cannot get into most medical schools; and there are only two good Negro medical schools. Altogether, the medical schools in the United States graduate about 5,000 doctors annually. About 145 of them are Negroes, and all but about 15 of these are from the two Negro schools. The Negro doctor has difficulty in obtaining internships and in securing appointments to hospital staffs. Educational opportunities for Negro dentists are even more scant. The Negro doctor and dentist must depend upon Negro patients, most of whom are poor.

The record of American labor has been inconsistent. Their racial policies have varied widely from outright exclusion of some minority groups to their complete acceptance with all the rights and privileges of membership. Most of the unions affiliated with the Congress of Industrial Organizations are democratic in their racial policies, as are many of the American Federation of Labor affiliates. The Railroad Brotherhoods, however, have not been kindly disposed toward the Negro. The National Maritime Union, on the other hand, has been very successful in modifying traditional segregation policies. Segregation has taken two forms: independent Negro unions and Jim Crow auxiliaries. The most successful independent union is the Brotherhood of Sleeping Car Porters. The CIO has established a National Committee to Abolish Racial Discrimination. The Ladies Garment Workers Union (AFL) is democratic, and is translating its nonsegregation policy into action. The general trend is towards an increasing acceptance of the Negro. The biggest single forward surge of Negroes into the main stream of American life in the past ten years has been their movement into the ranks of organized labor.

Discrimination in Services: Education.[12] Failure to give Negroes equal educational opportunity is quite marked. The most glaring

[12] Also see *Chapter Twelve,* "Education."

instances of segregated education are to be found in the South. Though formally segregated education is prohibited by law in many northern states, it is a fact nevertheless that in large cities residential segregation, among other things, means that Negro children do not have as good school facilities as most white children. Louis Wirth points out that the direct costs of a dual school system are evident, but that there are other costs, more indirect, such as the loss in productive capacity or in per-capita wealth or income due to the lowered educational standards, which affect both whites and Negroes under a system of segregated schools. These losses have their repercussions upon health and welfare, as well as upon economic opportunities.[13]

Medical Service. Mortality in all age groups is higher among Negroes than among whites. Negroes suffer more from almost all sorts of illness. The difference is not due to greater susceptibility on the part of Negroes, but to economic handicaps and serious discrimination in the availability of medical facilities. Many Negroes, because of poverty, are unable to afford even minimum medical care or a diet necessary to build up resistance to disease. Negroes cannot use the same facilities for prevention and cure of disease. Many hospitals will not admit Negro patients, while others restrict their numbers, giving them the poorest quarters. The United States Public Health Service estimates that, although Negroes constitute about 10 per cent of the population, only about 1 per cent of the hospital beds are open to them. In 1937, only about 35 per cent of Southern Negro babies were delivered by a physician, as compared to 90 per cent of white babies. On a nationwide basis, infant mortality was more than half again as high among Negroes as for whites.

Segregation—Accommodations and Services. Law is the chief device of racial segregation in the South. The law defines racial identification and then determines status and rights. In addition to the formal restrictions of law, custom and usage make for formidable barriers. Legally enforced segregation has been the rule throughout the South since the close of the Reconstruction era. In these states it is generally illegal for Negroes to attend the same school as whites; to attend theaters patronized by whites; to visit parks where whites relax; or to eat, sleep, or meet in hotels, restaurants, or public halls frequented by whites. Whites and Negroes may not travel together in the same compartments, cars, sections of the same car, trains, or busses. In most Southern states a barber shop cannot serve both white and Negro persons. Taxis must be marked "For White Passengers Only" and be driven by a white driver, or "For Colored Passengers Only" and be driven by a Negro driver. When a Negro transacts business at a bank, it is at a window marked "For Our Colored Patrons."

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[13] Louis Wirth, "The Price of Prejudice," *Survey Graphic*, January, 1947, p. 19.

Legally enforced segregation has been largely limited to the South; but segregation is also widely prevalent in the North, particularly in housing and in hotel and restaurant accommodations. Segregation has not been enforced by states alone. The Federal government has tolerated it, even where it has authority to eliminate it, as in the armed forces or in the Panama Canal Zone. The city of Washington imposes segregation and countless humiliations upon its Negro residents, who comprise one-third of its population. It operates under a dual system of education, and discriminates in housing, recreational facilities, health services, places of public accommodations, and employment.

The Supreme Court in 1896 approved state legislation requiring segregation between Negroes and whites, on the theory that segregation as such is not discrimination. In theory, the system duplicates educational, recreational, and other public services, according facilities to the two races which are "separate but equal." The Committee labels this as a myth, and states that facilities are indeed separate but not equal. For many years, the Supreme Court has enforced the rule of equality quite loosely. More recently, in line with its rigorous defense of civil rights, it has been particularly insistent upon adherence to the "equal" aspect of the separate but equal rule. The insistence of the Supreme Court upon equal facilities is encouraging, but a law which forbids a group of American citizens to associate with other citizens in the ordinary course of daily living creates inequality. Recently the Department of Justice asked for a ruling which could lead to widespread abolition of many segregation practices. In its brief on a case concerning segregation of races in railroad dining cars, the government stated: "The notion that separate but equal facilities satisfy constitutional and statutory prohibitions against discrimination is obsolete. The phrase 'equal rights' means the same rights."

Some services supplied by the government are distributed in a discriminatory way. Many privately owned and operated enterprises, although they hold franchises from the state, fail to recognize their responsibility to sell to all who wish to buy their services. There are eighteen states, however, which have statutes prohibiting discrimination in public places, such as restaurants, hotels, and theaters. These laws can be enforced by criminal action or by a civil suit in damages. Twenty states, on the other hand, compel segregation of some kind. Fourteen states require railroads to separate members of different racial groups, and empower train conductors to enforce these laws. The Supreme Court has ruled that such laws do not apply to passengers in interstate transportation. Even where laws do not impose segregation, many devices are used to bring about the desired results. Unwanted customers are discouraged from patronizing public places by letting them wait indefinitely for service, by charging higher prices, and by giving poor service.

Segregation—Housing.[14] Housing presents a serious problem for whites as well as for Negroes; but Negroes face the added difficulty of prejudice and discrimination. Most Negroes in every section of the country suffer poor housing conditions. Negroes, in both Northern and Southern cities, are worse off than whites. They pay more for living quarters and get less for their money. Their deplorable crowded conditions of living are due to a number of factors: poverty, which enables them to pay only for the cheapest kind of housing; ethnic attachment; and enforced segregation. Other ethnic groups have tended to concentrate; but, within a generation or two, if financially able, they move to other neighborhoods. Negroes, when they improve their financial status, find it difficult to move because segregation is forced upon them. The great need of Negroes to move out of their intensely overcrowded areas makes them willing to pay exorbitant prices and even to endure physical and mental suffering. Negroes have been coming North in tremendous numbers for many years. The areas restricted to Negroes are limited and therefore terrifically overcrowded, and are bound to spill over.

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[14] Also see *Chapter Eleven*, "Housing."

Population densities in Negro areas are becoming the highest in the city, with excessive doubling up. Two continuing obstacles stand in the way of adequate housing for Negroes: lack of sites available for Negro homes, either for public or private housing, and the unwillingness of private enterprise to build for Negro occupation. As the Negro population in a city increases, the housing situation becomes more scandalous, home life is destroyed, juvenile delinquency increases, sanitation and health conditions deteriorate. In many large cities the housing situation for Negroes is appalling.

The President's Committee notes that the Federal government has been concerned with minority housing problems through its insurance of loans to private builders and through its war and veterans' program. The Federal Housing Administration has not been of great aid to Negroes, because it has not reached down to the very low incomes, and further because the Federal agency took over the policy ot segregation used by banks and mortgage companies. The FHA is interested in maintaining property values. Private operators, in order to secure FHA backing, usually follow the advice of the Agency, which urges property valuators of FHA to consider whether the area is protected from adverse influences, "which in the official language of the agency includes prevention of the infiltration of business and industrial uses, lower-class occupancy and inharmonious racial groups."[15] In effect, it extends credit to Negroes only if they build or buy in Negro neighborhoods and to whites only if they build in white areas which are under covenant not to rent or sell to Negroes.

The building of subsidized housing projects has since been carried on by local housing authorities with the financial assistance of the United States Housing Authority. Under this program, the Negro has received a large share of the benefits. The USHA has given the Negro a better deal than any other major Federal public welfare agency. It has tried to allocate public housing fairly and to make certain that equal standards are maintained. Many housing projects with mixed racial occupancy have been operated successfully. It should be noted, too, that the FHA has recently abandoned the policy by which it encouraged the placing of racially restrictive covenants on projects supported by government guarantees.

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[15] Richard Sterner and Associates, *The Negro's Share*, Harper and Brothers, New York, 1943, p. 313 ff.

Certain legal decisions may bring about important developments favorable to the Negro. Zoning restrictions or any restrictive legislation have been declared invalid. On the other hand, private restrictive covenants, agreements by which property owners do not rent or sell to designated racial or religious groups, have increased. In Chicago, it has been estimated, 80 per cent of the city is covered by such agreements. There has been a continuous effort to test the validity of these restrictive covenants, and in May, 1948, the Supreme Court in Hurd vs. Hodge rendered a decision which will have far-reaching effects concerning Negro housing. The Court held that such private restrictive agreements are not invalid so long as they are achieved by voluntary adherence to the agreements; but it further stated that the power of the courts to enforce private agreements is subject to restrictions of public policy of the United States as manifest in the Constitution, treaties, Federal statutes, and applicable legal precedents. It held that covenants imposing racial restrictions are *contrary to public policy,* and courts therefore must refrain from enforcing such agreements. In the South, segregation will be set back somewhat by this decision, but in the North, segregation will be doomed. Already, property in white areas is being purchased by Negroes. Since the housing situation is so very acute for whites as well, in all probability there will not be a hasty exodus by white owners or tenants. New sites for housing and more housing units must be made available to Negroes. Undoubtedly the housing pattern will change. The Supreme Court decision will accelerate the movement of Negroes into white residential areas and make for more breathing space for the Negro.

OTHER MINORITIES

In the 1940 election campaign, the Senate Committee revealed, one-third of election propaganda was completely anonymous and included highly virulent, dishonest, and defamatory material. Congress has already amended the election laws by forbidding the distribution of anonymous campaign literature. The President's Committee on Civil Rights believes that the principle of disclosure is wise. Just as the Federal Trade Commission, the Securities and Exchange Commission, and the Pure Food and Drug Administration make available to the public information about the sponsors of economic wares, so those who attempt to influence public opinion should be known.

Discrimination is practiced against all minorities by various intellectual and social leaders. Naturally, their attitude seeps through to other levels. There is discrimination in colleges and particularly in medical schools against racial and cultural groups. The President's Committee believes that private educational institutions are important to a free society, but that they acquire a public character. Invariably, they enjoy government support, if only in the form of exemption from taxation and in the privilege of income-tax deduction to their benefactors. The application blanks of many American colleges and universities include questions pertaining to the candidates' racial origin, religious preference, and parents' birthplaces. Accurate statistical information is difficult to obtain, but competent observers are agreed that the use of this information against Jews, Catholics, and Negroes is widespread. Some states have taken action, passing a fair education practice law. Moreover, some educational institutions are changing their policies, adopting the principle of nondiscrimination.

There is discrimination in admission to clubs and in business circles. One finds very few Jews in the banking business, in public utilities, and in most of the basic industries and large-scale business enterprises. On the lower income levels, also, there is discrimination in opportunity for employment. Employers place definite ethnic requirements with employment agencies, who ferret out race, religion, and national origin. This is true in government agencies as well. Sometimes, even in the school, teachers are guilty of fanning the flames of intolerance. It is not difficult to prove that racism has no basis; but the fact remains that prejudice against groups does exist.

Treatment of the Indians is not so good as we would like to believe. However, a forced Americanization program, which pauperized and demoralized the Indian, has been abandoned. The present policy of governmental agencies has regard for the culture of the Indian and gives recognition to the Indian's rights to personal dignity. The new program established a consistent long-range policy which aims at restoring tribal customs, giving every tribe the opportunity of self-government, and encouraging all the arts, crafts, language, and folkways which were discouraged under the earlier system. Much more progress must be made, however, if we are to manifest the fairest attitude towards this group. The great majority of the 400,000 Indians live on reservations. Ordinarily, they enter the white man's world only in the lowest occupational levels, largely as unskilled workers. Until 1948, when the courts declared certain laws unconstitutional, Indians could not vote in Arizona and New Mexico. Indians do not receive their share of benefits from social security, partly because of their occupations, which are not covered by the law.

The Mexicans form the largest group of immigrants from other American countries. Mexicans and persons of Mexican descent number more than three millions. Many are citizens of long standing, and are the oldest established residents except the Indians. The majority are immigrants or the children of immigrants. Large numbers have settled in Texas and California, where they are set apart. Many others have gone farther east to the beet fields and sugar-refining towns, and in many large cities there is a Mexican section. Discrimination, as well as certain labor practices which are widespread, have kept the Mexican a migrant and an unskilled laborer. Low wages and part-time employment keep large numbers on relief part of the year. Many Texas schools segregate Mexicans; California, only recently, discontinued the same practice. The low economic status of the Mexican, combined with restrictive covenants in housing, makes for squalid living conditions in wretched slum areas. In Texas, seven Latin-Americans die of tuberculosis for every Anglo-American, and the death rate for infants is almost three times as high for Latin-American as for Anglo-American infants.

Prejudice against the Japanese and Chinese has been deep-rooted. For the most part, they are concentrated on the West Coast. Our laws deny them, as well as other Asiatics, the right to become citizens. The Exclusion Act of 1882 denied the Chinese the right to immigrate to this country. This was the first Federal legislation which made a distinction between immigrants because of race. The Immigration Act of 1943 wiped out the Exclusion Act and gave the Chinese the regular quota formula accorded Europeans. In practical terms this means that 105 Chinese are permitted to enter the United States annually on a quota basis. However, the new Act also made all Chinese residents eligible for naturalization. Many western states have produced a series of increasingly stringent laws, restricting land ownership by ineligible aliens. California also forbids ineligible aliens to engage in commercial fishing, and excludes them from equal benefits of old age pensions and other state relief. Many states admit only citizens to the legal, medical, and teaching professions, which means that the ineligible alien is permanently barred from these fields. The Chinese have been in this country for a long time, without being fully accepted as Americans. The American worker has disliked the Chinese because of their low standard of living and their almost incredible endurance at hard labor. The Chinese have never been a serious threat to American labor, however, because they usually take the jobs white men do not want. Their economic opportunities have been narrowly limited. Perhaps more than any other group, they have retained the social structure and family tradition of an old culture. Denied full status in our society, they have maintained a society of their own. They live under extremely crowded conditions, in unhealthful, ill-lighted, high-priced housing. Through strict family discipline and inculcation of respect for parents, they have kept Chinese youth off the streets and out of jails; but, as yet, this youth for the most part does not share equally in the opportunities afforded most citizens of this country.

The California law forbids American citizens of Japanese ancestry to support their ineligible alien parents with money obtained from the use of the land. In the past, these aliens, who could not buy land themselves, bought land in the name of their children.

The validity of the children's title to this land has been attacked. Many Japanese-American soldiers killed overseas had made battlefield wills deeding their land to their parents; but, under the law the latter could not receive the land, and it escheated to the state. In March, 1942, the United States government moved 117,000 people out of the West Coast, not because of proved disloyalty, but because they were of Japanese birth or parentage. In time of war the presence of large numbers of aliens in defense areas would have been serious. However, two-thirds of those evacuated were citizens. Further, no trial or hearing preceded thir forced removal to relocation centers. The President's Committee points out that, though the evacuation policy seemed to many a necessary precaution at the time, this order has serious implications for the future of American civil rights. Basic to the American system of law is the belief that guilt is personal, and not a matter of heredity or association. No specific evacuees were charged with disloyalty or espionage. Undoubtedly race prejudice was a factor. Though the FBI immediately took into custody all known enemy sympathizers, orders were carried through which uprooted citizens, loyal and disloyal alike. Several thousand young men, anxious to prove their loyalty, enlisted from the centers. Others were inducted through selective service. The record of these Japanese-American troops has been excellent. In 1945, the evacuation order was rescinded; but many did not return to the West Coast, preferring to live in the Middle West, where they found social attitudes more favorable.

Progress. The picture is not altogether dark. Some progress has been made. The war years made a dent in the old patterns of race relations, with resultant gains for democracy. Perhaps the greatest advance for the Negro has been made in employment, in which the new attitude of the unions has played an important part. The Farmers' Union is also committed to fair play for Negro farmers and farm workers. Decent housing is the weakest front. Some progress has been made, particularly in public housing, as to number of units and in widening and scattering the areas available to Negroes. The National Association of Real Estate Boards has recommended that its local boards use private initiative in providing houses for Negroes. The recent decision of the Supreme Court rendering race restrictive covenants unenforcable by the courts will be significant in changing the housing pattern for many minority groups. It provides possibilities for the development of a free housing market by removing legal sanctions for residential segregation. Politically, the Negro has gained in power. The many and diverse legislative devices to prevent the Negro from voting have all been strongly attacked. Members of minority groups are increasingly taking advantage of their right to vote. The reports of increased voting by Negroes in many Southern states is encouraging. Chinese and Filipinos have been made eligible for citizenship. In California, the miscegenation law has been declared invalid. Police and the courts have moved forward toward democracy. Some cities, such as San Francisco, Washington, and Louisville, have set up courses for the training of police in the handling of racial problems as a part of the regular in-service training. Negroes are now called for jury service in some Southern states. There are hopeful signs on the educational front. Federal grants-in-aid will increase educational opportunities.

Over the past several years, leaders of opinion in public life have worked, through the press, radio, and motion pictures, in the churches, schools, and colleges, in industry, trade unions, and the professions, for equal opportunity for all men irrespective of race, religion, or national origin. Many cities and states have set up official commissions, some because of race conflicts that have taken place or threatening tensions. Large numbers of voluntary organizations have come into being, whose existence indicates a widespread interest on the part of a substantial number of people. There are a number of governmental agencies in intergroup relations on Federal, state, and local levels. Among the private agencies whose efforts have already produced worth while results are the Adult Education Council, American Council on Race Relations, American Friends' Service Committee, American Jewish Congress, American Jewish Committee, Bnai Brith, Conference of Jews and Christians, Federal Council of Churches, National Association of Colored People, National Urban League, and other church, veterans, labor, and business groups.

The President's Committee points out that events of the past decade, particularly the war years, indicate the ability of our nation to better its civil rights record. A few forward-looking state and local governments have acted to conserve these gains and even move ahead. New York State has an impressive number of civil rights laws, and a few other states and cities are following a similar pattern. The voluntary elimination of racial bans or differentials in employment practices by many business concerns, as well as the removal of racial and religious information from admission applications by some educational institutions, are heartening. Negroes are being employed as police officers in some two-score Southern cities; and there is a gradually growing tendency of Southern courts to see that the law is enforced impartially and equal justice done. In the armed forces, progress has been made. Negroes gave excellent accounts of themselves in combat, as did Nisei, Indians, and other minority groups. Evidence is accumulating which proves that tension and conflict can be replaced by cooperative effort.

IMPROVEMENT OF INTERGROUP RELATIONS

Education. The vital objectives of the American creed can be attained only if Americans realize the failures of our achievement of democracy, particularly as embodied in denial of rights on the basis of race, religion, and national origin. The American Council on Race Relations stresses: (1) gathering the facts concerning the denial of rights to minority groups in every aspect of living; (2) dissemination of the facts on the widest scale possible. If the facts are made clear, some action, which is the end-product, may be expected.

Public education can play a significant part in bringing about better inter-group relations. In Chicago, the Commission on Human Relations sponsored a conference on civic unity, in which a large number of civic organizations participated. Resolutions on education, formulated by teaching and administrative staffs of the Board of Education, were adopted by the conference, urging: (1) studies and research on existing practices, in Chicago and other large cities, of facilities and institutions available for intercultural contacts, as well as on the extent of student participation in, or exclusion from, school activities in public schools; (2) the requirement of training in intergroup education in the Teachers' College, organization of an in-service training program for all school personnel, and preparation of a manual for the improvement of intergroup relations; (3) full cooperation of all school personnel in applying the merit system when making new assignments, thus increasing contacts across racial, religious, and ethnic lines; (4) curriculum revision, so that the program of human relations will permeate all courses of study; (5) encouragement of every principal and faculty member to study his school community and to enlist the support of parents and the community in the program of intergroup education. It was further recommended that the Commission on Human Relations undertake an adult education program, enlisting the resources of the universities and the cooperation and coordination of public officials, public institutions, churches, private social agencies, business, labor, and service organizations. The program is directed toward wider understanding and integration of all groups and the development of a larger, community-wide program in which all these groups will participate.

Legislation. The Fair Employment Practices Committee was established by President Roosevelt in an Executive Order. Its objective was to eliminate discriminatory employment practices within the Federal government, and in companies and unions which had contracts with the government or which were engaged in production necessary to the war effort. It had no enforcement powers of its own and no recourse to the courts. It served as a clearing house for complaints. The effectiveness of the FEPC was due chiefly to its success as a mediation body in persuading a union or an employer to revise policies. In 1946, the work of the FEPC ended, because Congress failed to appropriate funds for the ensuing year. President Truman stated that the effective work which the Committee had done showed that it is possible to equalize job opportunity by governmental action and thus eventually to eliminate the influence of prejudice in the field of employment.

Exclusion of minorities is effected by various devices, among them newspaper advertisements or application blanks. A survey, made by the National Community Relations Advisory Council, of 134 private employment agencies in ten large cities, disclosed that 89 per cent of these agencies included questions covering religion on their registration blanks, and 83 per cent of all orders placed with the agency carried discriminatory specifications. The minority job-seeker often finds that there are fields of employment where application is futile, no matter how able or well-trained and qualified he may be. Thus, this country does not receive the full benefits of its potential producers. The closing of the door to equality of opportunity denies the public the manifold social and economic benefits that the talented individual might otherwise contribute to his society.

There are seven states which have laws directed against discrimination in private employment. These statutes make it unlawful for employers to discriminate in hiring, firing, or conditions of employment, or for labor unions to discriminate because of race, color, creed, or national origin. They also prohibit the use of discriminatory help-wanted ads and job applications by employers and employment agencies. The New York, New Jersey, Massachusetts, Oregon, and Connecticut statutes have enforcement provisions. Their state commissions are empowered to investigate complaints, to attempt to conciliate, and to issue cease-and-desist orders. If these orders are not compiled with, these commissions may seek court enforcement. Indiana and Wisconsin have antidiscrimination statutes without enforcement provisions, and therefore serve only as educational and advisory agencies. Considerable progress has been made by New York State under its Fair Employment Practices Act. In 1946, in its first annual report, the State Commission Against Discrimination asserts, "The operation of the law has definitely resulted in progress in the elimination of illegal discriminatory practices. The testimony of people actually engaged in job-placement activities reveals that fields of opportunity previously closed to certain groups are now increasingly open to all." Fair employment practice acts are being proposed in other states. Some cities, among them Chicago, Minneapolis, and Cincinnati, have enacted ordinances, but they vary in scope, some applying only to municipal employment, while others also include private employers. Some of these ordinances have enforcement provisions, while others are more statements of policy.

The President's Committee states that steps must be taken now to treat all men, women, and children in America as Americans, and points out: (1) the moral reason—the United States can no longer countenance these burdens on its common conscience, these inroads on its moral fiber; (2) the economic reason—economic discrimination prevents full use of all our resources, causing losses in money, production, invention, citizenship, and leadership; (3) the international reason—our position in the postwar world is so vital that our smallest actions have far-reaching effects. We cannot escape the fact that our civil rights record has been an issue in world politics.

The President's Committee recommends a number of measures to strengthen the machinery for the protection of civil rights and to insure more equal opportunities for all the population: (1) reorganization of the Civil Rights Section of the Department of Justice; (2) a permanent Federal commission on civil rights; (3) establishment by state and local governments of law enforcement agencies and permanent commissions on civil rights.

The Committee believes that the national government of the United States must take the lead in safeguarding the rights of all Americans, but that the local community must be encouraged to set its own house in order. The need for leadership is pressing. The national government is the largest single employer of labor in the country. By scrupulously following fair employment practices, it can set a pattern for other employers to follow and, at the same time, protect the rights of its own workers. The same is true of the armed forces. Their policies are determined by the Federal government, as are those of the District of Columbia. Their is, however, much that the states and local communities can do in this field, a major portion of which they alone can do. It is therefore necessary, both for constitutional and administrative reasons, that they remain in the field as protectors of civil rights.

There are some who argue that minorities should be protected merely by voluntary effort and moral suasion. Yet laws frequently help to create public approval and to stimulate public compliance on a scale that private effort could not hope to achieve. Laws often aid in crystallizing public sentiment. The campaign necessary to get a law passed is itself an educational experience. Laws and education were important factors in curtailing child labor, shortening the work week, improving housing and health standards, and bringing about greater social security. Laws, as well as educational programs, can also play an increasingly important role in protecting minorities wherever they live and whatever they may do for a living. True, law cannot stop prejudice, but it can reduce discrimination. The price of prejudice comes high. If the cost of racial segregation were clearly and widely known, it would give pause to Americans. Everything that is done is greatly dependent upon the state of public opinion. Civil rights in this country will never be fully protected until the American people approve and demand that protection. Education will always play an important role. The President's Committee is convinced that both approaches, legislation and education, are essential in gaining the great objectives of equal opportunity and rights for all.

TERMS TO BE UNDERSTOOD

cephalic index
cultural diversity
melting pot
cultural heritage
cultural pluralism
quota
accommodation
assimilation
ethnic group
minority
discrimination
segregation
civil rights
restrictive covenant

QUESTIONS FOR DISCUSSION

1. Discuss the statement: There are no races.
2. In what respects do we in the United States live up to the principle that "all men are created equal"? In what respects do we depart from this principle?
3. Under what conditions is race prejudice likely (a) to arise? (b) to decline?
4. Discuss the loss of a potential market for goods as a result of the economic discrimination which is practiced against minority groups.

5. Discuss this statement, made by Dean Acheson, Secretary of State: "I think it is quite obvious . . . that the existence of discriminations against minority groups in the United States is a handicap in our relations with other countries."
6. Discuss the role of the school in diminishing racial and cultural prejudice; of the home; of the church; of the labor union.
7. What are the implications of each of the three standpoints on Americanization dealt with in this chapter?
8. What facts should be gathered from employment agencies concerning their policies and those of their clients on discrimination and segregation?
9. What can your community do about equalizing (a) educational opportunities? (b) housing? (c) employment opportunities?
10. What would you regard as a basic approach for diminishing prejudice among groups?

FOR FURTHER STUDY

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PART THREE

SOCIAL RELATIONS AND SOCIAL PROBLEMS

Part Three emphasizes the kinds of personal needs and interests which human beings have and out of which problems arise. Thus, for instance, we do not deal with health in the medical sense in Chapter Ten; rather, we look upon it as a relationship of people to the social institutions, resources, and facilities which have developed to meet their needs. Similarly, in the case of housing in Chapter Eleven, we are not interested in the physical or technological aspects of housing, except incidentally. Instead, we look upon housing as a need through which people are related to one another, to their communities, and to the institutions, organizations, and facilities that have come into being to meet this need. We take a similar point of view respecting education, leisure and recreation, personal adjustment, and delinquency and crime.

Chapter Ten

HEALTH

The health problem, as treated in this chapter, does not refer to health in the medical sense, which views health needs as arising out of the physical conditions of the body; but rather with health as a *social* problem. As a social problem, we consider the standards and expectations of health that are accepted by society, and the institutional facilities and other resources which have been developed to achieve these standards and expectations. Health thus illustrates how personal needs and interests are defined by society; and how a social problem arises out of the relationships between people, the functioning of institutions, and the disparity between expectations or standards and actualities.

To see how health is a social problem, we shall consider the following topics: (1) the health record of Americans; (2) public health facilities; (3) private medical care; (4) health problems in America; and (5) health security in America.

THE HEALTH RECORD OF AMERICANS

Improvement of Health. Health is a matter not only of personal value, but is also of great interest to society. Healthy citizens are the nation's basic resource. Health is a problem of the conservation of human resources, of safety, of contagion, and of national strength. Great progress has been made in improving the health of the American people. During the past century, life has been made longer and healthier; severe epidemics have been prevented; many communicable diseases have come under control; marked variations in death rates have been eliminated. New drugs, such as the sulphas, penicillin, streptomycin, and blood plasma, have been developed; and the use of radioactive substances in the diagnosis and treatment of diseases holds much promise.

An example of the gains made in health concerns tuberculosis. Tuberculosis as a cause of death has been reduced 63 per cent during the 25-year period from 1922 to 1947. In 1910, it was the leading cause of death, but in 1947 it ranked seventh. Tuberculosis took more than 100,000 lives in 1922, and 50,000 in 1947. At the 1922 rate, 134,000 persons would have died in 1947. There is still a long way to go in the battle against this disease. According to the National Tuberculosis Association, persons with tuberculosis are robbed, on the average, of 22 years of expected life.

Death Rates. The decline in the death rate is one sign of the improvement of health. The death rate in 1900 was 17.2, but by 1944 it was down to 10.6.[1] The comparative causes of death since 1900 are shown in TABLE XII. The leading causes of death in 1900 were the communicable diseases. The four leading causes of death in 1947 were associated with the diseases of old age; namely, heart disease, cancer, intracranial lesions of vascular origin, and nephritis.

Each year 1,400,000 people die in the United States. Of course, many of these deaths cannot be prevented because they occur in old age, through unavoidable accidents, or because medical science does not yet have the means to check them. Some of these deaths, however, do not have to occur. If we had "enough medical manpower and hospitals everywhere, and a better system of financing care, if public health work were fully effective everywhere, if our scientific knowledge were greater and better harnessed, our present total of 1,400,000 annual deaths could be sharply reduced."[2] Every year, 325,000 people die whom we have the knowledge and the skills to save.[3]

There has been a steady decline in deaths resulting from such communicable diseases as diphtheria, typhoid fever, measles, scarlet fever, and pneumonia. Of the 170,000 deaths each year from these diseases, 120,000 could be prevented through the knowledge and skill at hand.[4]

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[1] "Death rate" means the number of deaths per 1,000 population per year. The decline in the death rate is more remarkable than these figures indicate, in view of the fact that the population has aged during this period, and older people have a relatively high death rate.

[2] Oscar R. Ewing, *The Nation's Health*, Federal Security Agency, U. S. Government Printing Office, Washington, D. C., 1948, p. 8.

[3] *Ibid.*, p. 1.

Of the 600,000 deaths each year from cancer and heart disease, we should be able to prevent 115,000. Fuller use of safety measures and better education could help prevent about 40,000 of the 100,000 deaths yearly occurring from accidents.

TABLE XII

DEATH RATES FOR SELECTED CAUSES OF DEATH IN THE UNITED STATES 1900 AND 1947

Cause of Death	*1900*	*1947*
All causes	1,719.1	1,007.8
Diseases of heart	137.4	321.2
Cancer and other malignant tumors	64.0	132.4
Intracranial lesions of vascular origin	106.9	91.4
Nephritis	88.6	56.0
Influenza and pneumonia	202.2	43.1
Tuberculosis	194.4	33.5
Premature birth	32.4	28.6
Diabetes mellitus	11.0	26.2
Motor-vehicle accidents	....	22.8
Syphilis	12.0	8.8
Diarrhea and enteritis	142.7	5.6
Whooping cough	12.2	1.4
Diphtheria	40.3	.6
Measles	13.3	.2
Typhoid and paratyphoid fever	31.3	.2
Scarlet fever	9.6	.1

Sources: 1900 data from Forrest E. Lindner and Robert D. Grove, *Vital Statistics Rates in the United States, 1900–1940;* 1947 data from *Deaths by Cause: United States and States, 1947*, Federal Security Agency, Public Health Service, Washington, 1948.

Infant and maternal deaths have been reduced sharply during the last twenty years, but it is estimated that at least another 30,000 of the 110,000 babies and mothers who die yearly could be saved.

Physical and Mental Defects. More than 23 million people in this country have some chronic disease or physical impairment. The experience with the Selective Service Act made us acutely aware of the health defects in our population. Approximately one of every three registrants, or 5 million men 18–37 years of age, were declared unfit, physically or mentally, for the armed forces. Of particular significance is the fact that one of every six of those rejected could have served in the armed forces if at some time earlier in life he had received adequate medical care.[5] The leading cause for rejection was mental disease and mental deficiency, which accounted for about two of every ten rejections. Mental deficiency alone (including about 300,000 men who were educationally deficient) accounted for about three-quarters of a million rejections. Next in rank were syphilis, musculoskeletal defects, cardiovascular defects, hernia, and neurological and eye defects. These numbered about half of all rejections. Obviously, many of these men were fully capable of adjusting themselves to the demands of civilian life; but what is equally true is that the nation was deprived of the services of many men in the prime of life.

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[4] *Ibid.*, p. 9.

Sickness and Disability. The extent and severity of sickness and disability provide another indirect measure of the health of the American people. There are more than 7 million persons who are disabled by sickness on an average day, and half of these are disabled for at least six months. The respiratory diseases are the cause of illness in about a million cases. The common cold drains the vitality of many people, and costs the nation about a billion dollars a year. The average American has more than three colds a year. Influenza, grippe, pneumonia, and tonsillitis are the other common respiratory diseases. Chronic diseases and permanent impairments resulting from prior illness among children, as well as appendicitis, stomach disorders, and liver ailments account for another million illnesses.

Typhoid fever still takes a large toll of lives in some localities. About 1½ million cases of venereal diseases are being treated. In this category, syphilis and gonorrhea cause over 40,000 deaths a year, the great majority of which could be prevented by proper and timely treatment.[6]

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[5] *National Health Program*, Hearings on Senate Bill 1606, 79th Congress, 2d session, Government Printing Office, Washington, D. C., 1946, Part 1, pp. 87–9, 394.

[6] National Resources Committee, *The Problems of a Changing Population*, Government Printing Office, Washington, D. C., 1938, p. 192.

In addition to the suffering and defeated hopes which result from illness and disabling diseases, the monetary cost is very high. There is, on the average, one illness per person per year. The average male worker loses seven to nine days of work each year, while a female worker suffers a slightly greater loss of about eight to twelve days. The nation loses 4,300,000 man-years of work annually through bad health. Industry and business also suffer, because routine is disorganized, additional time and money are required to train substitutes, and productive efficiency is lowered. The total loss of illness and disability is more than 10 per cent of normal productivity, or 27 billion dollars.[7]

One notable advance in the field of health has been the recognition that the "total well-being" of the individual includes not only his physical fitness, but also his mental and emotional stability.[8] It is generally thought that the rapid tempo of city life, the routine and monotony of factory work, economic insecurity, and the rapid changes in the social institutions, particularly the family, have increased the difficulty of maintaining a balanced emotional and mental adjustment. Psychiatry has discovered many of the causes of personality maladjustment, but the extreme mental diseases remain among the most baffling in the entire field of health. The exact number of persons who are mentally ill is unknown, but the estimate is that 8,000,000 persons are suffering from some mental illness, and that, throughout the population, one in every 20 persons will require psychiatric care at some time during his life.[9]

Of this number, more than 600,000 are institutionalized, and the annual cost to taxpayers is about 500 million dollars. Mental disease cases occupy more than half of all hospital beds. The misconceptions which many people have about mental illness result in shame and anguish for family members. Yet the causal factors of mental diseases are largely obscure, and the situation constitutes a major challenge to modern science. We have 4,500 psychiatrists, but we need at least 15,000. Of the 600,000 hospital beds occupied by the mentally ill, 200,000 fall below minimum standards; moreover, there is an immediate need for an additional 300,000 beds for mentally ill patients.[10]

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[7] Oscar R. Ewing, *op. cit.*, p. 29.

[8] See *Chapter Fourteen*, "Personal Adjustment."

[9] Oscar R. Ewing, *op. cit.*, pp. 115–6.

Variations in Health Among Groups. There are differences in death rates and in the incidence of illness and disease according to geographic location, age, race, and economic groups. Studies made by the United States Public Health Service indicate that these rates are not produced directly by climate or biological factors. Instead, there is good reason to believe that differences in customs, health knowledge, and the ability to pay for adequate medical care are more significant.

Geographic Distribution. Geographically, the death rates are lowest in the West Central States and highest in the Southwest, especially in Colorado, Nevada, Arizona, and New Mexico. The states along the Atlantic seaboard show a death rate slightly above the average. These rates represent fair comparisons, because they are based on comparable ("standardized") age-sex populations and not on the actual population composition of the states. The expectation of life at birth, under the conditions prevailing in 1939–41, varied almost 10 years between the highest and the lowest states.[11] The highest mark was recorded at 68.1 years in Nebraska, and the lowest was 59.0 for New Mexico. Persons living on farms live longer, on the average, than those in the city. In 1941 the expectancy of life in the farms and villages was 64.1 as compared to 61.6 in the large cities.[12]

Wide geographic variations exist for specific diseases. In some instances, however, the rates are misleading. For example, the heaviest incidence of tuberculosis is found in Arizona, New Mexico, and Colorado. These states have a dry climate, and thus are the areas to which tubercular persons migrate. Malaria, unlike tuberculosis, is not a fatal disease, and is limited geographically. At one time the disease was distributed widely throughout the country; today it is found almost entirely in the Southeast and

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[10] *Ibid.*

[11] *Values of the Average Length of Life in the United States, 1939–41,* Federal Security Agency, Public Health Service, National Office of Vital Statistics, Washington, D. C.

[12] W. F. Ogburn and M. F. Nimkoff, *Sociology,* Houghton-Mifflin Co., Boston, 1946, pp. 492–3.

Southwest. In these areas the Negro rates are much higher than those for whites.[13] Designation of the racial factor as the explanation for the difference must be qualified, as the Negroes inhabit the lowland region where the disease is most common. Even for the venereal diseases, which are more prevalent among Negroes than whites, the extent to which biological, as against economic-social, factors are causal is not known.[14]

Age. The incidence of illness and disease also varies with age. Childhood and old age are the periods when sickness occurs most frequently. Usually, among children, illness lasts a relatively short time, while among older people illness tends to last for longer periods and to be chronic. The communicable diseases have been largely peculiar to children. Whooping cough, measles, diphtheria, and scarlet fever are the chief examples of this type. Tuberculosis, on the other hand, attacks people of all ages, and is fatal mainly in the years fifteen to fifty-five. The diseases which appear to be mounting are those peculiar to older people. The causes of cancer and the degenerative diseases, such as heart disease and nephritis, are still obscure. Other diseases which attack persons over the age of fifty-five are diabetes and cerebral hemorrhage.

Rural and Urban Residence. The rural areas are believed to have a more healthful environment than the city, and industrial, traffic, and other types of accidents play less of a role than in the city. Yet, in recent years cities have been closing the gap between urban and rural death rates. Since 1929, the urban infant death rate has fallen below that of the rural areas.[15] Apparently, cities are providing more medical and hospital facilities as well as public health measures than rural communities. In cities, public health expenditures per person are much greater and private health organizations are more numerous. Urban health controls result in lower mortality rates in cities from influenza, smallpox, malaria, and dysentery. On the other hand, cities have higher rates for venereal diseases, tuberculosis, epidemic diseases, alcoholism, drug addiction, general paralysis, insanity, heart diseases, and cancer.[16]

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[13] National Resources Committee, *op. cit.*, 184.

[14] United States Public Health Service report on a survey of Syphilis in Chicago, 1939.

[15] National Resources Committee. *Our Cities: Their Role in the National Economy*, Government Printing Office, Washington, D. C., 1937, p. 12.

Race. The health care of Negroes shows how racial discrimination puts Negroes at a disadvantage. The death rate for Negroes in 1945 was about 50 per cent higher than for whites, the rates being 13.6 and 9.2, respectively. Life expectancy for Negroes at birth is 17 per cent lower than for whites. A similiar disparity exists in records of the infant death rate, the Negro rate being 49.5, in contrast to the rate for whites of 31.8.

TABLE XIII

RELATIONSHIP BETWEEN DISABILITY AND INCOME

Annual Family Income	Annual Rate		
	Disabling Cases per Person*	Days of Disability	
		Per Person	Per Disabling Case
Under $1200	0.36	8.9	24.7
$1200 to $1999	.37	5.7	15.4
$2000 to $2999	.36	5.0	13.9
$3000 and over	.34	3.8	11.2

* Wage earners, ages 15–64, both sexes, exclusive of farmers and farm laborers, professional persons, proprietors, managers, and officials.

From National Resources Committee, *Problems of a Changing Population*, p. 187.

The maternal death rate (that is, the number of maternal deaths per 1,000 live births) in South Carolina for white mothers was 1.3; for Negro mothers it was 3.6. This 170 per cent higher maternal death rate among Negroes is undoubtedly related to the fact that only 14 per cent of Negro births occurred in hospitals, while 65.9 per cent were attended by a midwife. In contrast, only 2.5 per cent of white births were in this latter class.[17]

Economics. Health is closely related to economic status. The National Health Survey made during 1935–36 showed that wage earners in families with incomes under $1,000 a year had about twice as many days of disabling illness as did workers in families with incomes over $3,000.[18] The average number of disabling cases in all income groups was about the same; but, as is shown in TABLE XIII, the number of days of disability in the lowest income group was more than twice that in the highest. Among relief families, there were 57 per cent more disabling illnesses lasting a week or more than among those with incomes over $3,000. The fact that disabling illnesses lasted 63 per cent longer in relief families than among the higher-income families means that the better-to-do secured more medical treatment.

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[16] *Ibid.* [17] Oscar R. Ewing, *op. cit.*, pp. 65–6.

[18] National Health Survey, *Illness and Medical Care in Relation to Status*, 1935–36, U. S. Government Printing Office, Washington, D. C., 1938.

The facts do not support the belief that "the poor and the rich alike receive the best medical care." Medical care on a charity or low-cost basis is available to the poor in few places, and in many instances poor families go without medical care because they are unwilling to accept charity.

An excellent picture of the relationship between certain health indices and income by states is shown in TABLE XIV. The obvious generalization to be drawn from the table is that health is closely related to income.

The comparison of the health statuses of different occupational groups shows that agricultural workers have the lowest death rate. Mortality rates increase progressively in the following order: professional men, clerks, proprietors, managers, officials, skilled workers, foremen, semiskilled workers, and unskilled workers.[19] Factory and building-construction workers have relatively high death rates; and the respiratory diseases are prevalent among workers in cigar making, the garment industry, and foundry work. In the manufacture of paint, ethyl lead, storage batteries, and ceramics, lead poisoning is still a considerable hazard, though phosphorus poisoning in matchmaking is a matter only of past history. Industries using processes with chemical compounds carry the hazards of radium, carbon monoxide, benzine poisoning, X-ray burns, and silicosis. These occupational diseases form extremely important and complex problems in the field of medical research.

There also exists a relationship between nutrition and health. Though no single satisfactory index of physical well-being has been devised, the adequacy of diets is considered one of the best.[20]

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[19] National Resources Committee, *The Problems of a Changing Population*, p. 188. [20] *Ibid.*, p. 178.

TABLE XIV

HEALTH SERVICES AND RECORDS BY STATES

States in order of per capita income	*Per capita income, 1946*	*General hospital beds per 1,000 population, 1946**	*Days of hospital care per capita, 1946**	*Number of persons per physician, 1940*	*Number of persons per dentist, 1940*	*Percent of births in hospitals, 1946*	*Infant deaths per 1,000 live births, 1946*	*Maternal deaths per 1,000 live births, 1946*
Nevada	$1,703	4.8	1.27	660	2,004	96.1	39.6	1.8
New York	1,633	4.8	1.42	496	1,314	96.9	29.1	1.2
District of Columbia	1,569	5.4	1.52	296	1,337	94.9	41.2	1.7
California	1,531	3.6	1.02	580	1,268	97.1	30.7	1.2
New Jersey	1,494	3.9	1.05	716	1,547	95.4	28.5	1.3
Delaware	1,493	4.3	1.12	786	2,538	88.7	29.7	1.3
Illinois	1,486	3.9	1.13	648	1,323	93.2	30.4	1.4
Connecticut	1,465	3.9	1.13	658	1,575	98.9	27.8	.9
Montana	1,394	6.1	1.72	1,048	2,020	96.9	34.8	1.4
Massachusetts	1,356	5.1	1.38	547	1,530	97.2	31.6	1.3
Rhode Island	1,347	4.0	1.15	742	1,892	95.2	29.5	1.4
Washington	1,346	3.9	1.11	790	1,376	98.2	33.4	1.1
Ohio	1,302	3.0	.85	741	1,831	89.6	31.3	1.3
Maryland	1,293	4.2	1.18	609	2,086	80.7	34.0	1.1
Wyoming	1,264	3.4	.82	915	2,022	93.0	33.1	1.6
Idaho	1,243	3.6	.89	1,241	2,441	96.5	32.9	1.6
Pennsylvania	1,238	4.1	1.16	732	1,664	88.1	33.0	1.5
South Dakota	1,228	4.0	1.18	1,266	2,122	90.0	29.6	1.0
Michigan	1,215	4.2	1.06	826	1,978	93.4	32.7	1.2
Wisconsin	1,198	3.9	1.13	891	1,484	94.0	30.0	1.4
Colorado	1,196	4.9	1.31	572	1,687	87.8	40.0	1.9
Oregon	1,188	3.3	.93	745	1,305	98.0	27.7	1.0
Iowa	1,183	3.0	.90	823	1,564	92.2	29.9	1.1
Nebraska	1,164	3.8	1.07	805	1,430	90.9	30.2	1.0
North Dakota	1,162	4.8	1.34	1,239	2,450	90.9	34.0	1.0

States in order of per capita income	*Per capita income, 1946*	*General hospital beds per 1,000 population, 1946**	*Days of hospital care per capita, 1946**	*Number of persons per physician, 1940*	*Number of persons per dentist, 1940*	*Percent of births in hospitals, 1946*	*Infant deaths per 1,000 live births, 1946*	*Maternal deaths per 1,000 live births, 1946*
Indiana	1,158	2.8	.79	830	1,890	87.3	31.5	1.3
Missouri	1,143	3.5	1.02	714	1,651	78.2	33.0	1.6
Minnesota	1,090	4.5	1.34	792	1,344	95.2	28.6	.9
Vermont	1,085	3.8	1.09	687	2,363	88.5	34.0	1.4
Utah	1,063	3.6	.87	957	1,798	96.1	27.2	1.4
Kansas	1,062	3.4	.98	870	1,776	90.3	30.6	1.5
New Hampshire	1,048	4.5	1.16	749	2,194	96.5	31.4	1.3
Maine	1,044	3.3	.91	854	2,241	86.9	41.0	1.6
Florida	1,010	2.9	.71	834	2,646	73.4	39.4	3.0
Arizona	995	3.7	.86	841	3,242	85.3	41.5	2.1
Texas	954	2.5	.64	930	3,179	72.3	41.7	1.6
Virginia	952	2.9	.79	927	3,173	65.3	38.7	1.6
West Virginia	914	3.3	.88	1,037	3,186	54.4	40.9	1.5
New Mexico	911	2.6	.64	1,211	4,665	61.6	78.2	2.0
Tennessee	843	2.3	.64	1,003	3,455	60.7	38.5	1.8
Oklahoma	825	2.4	.60	993	3,140	77.7	32.5	1.6
North Carolina	817	2.7	.74	1,304	4,533	61.6	37.2	2.0
Georgia	809	2.5	.62	1,106	3,786	59.6	35.9	2.6
Louisiana	784	3.5	.85	959	3,000	71.2	37.2	2.0
Kentucky	778	2.3	.61	1,031	3,575	50.7	40.0	2.0
Alabama	733	2.2	.49	1,365	4,683	49.2	37.9	2.6
South Carolina	729	2.5	.65	1,355	5,263	49.7	41.4	2.7
Arkansas	697	1.8	.46	1,066	5,077	53.6	28.3	2.1
Mississippi	555	1.9	.44	1,459	5,212	38.6	37.5	3.1

* Federal hospitals excluded.

From Oscar R. Ewing, *The Nation's Health*, Federal Security Agency, U. S. Government Printing Office, Washington, D. C., 1948, p. 65.

Medical men and biologists have demonstrated that the omission of certain nutrients from the diet may cause a disturbance of life processes. However, little is known about the exact amount of each nutrient needed for the best possible health status. Usually, children of the low-income families grow less rapidly and reach lower maximum heights than children in the better-income families.[21] Certain diseases, such as pellagra, rickets, scurvy, and beri-beri, are more numerous among low-income children, for whom deficiencies in diet exist. Anemia among children may also be caused by inadequate nutrition. The infectious diseases of early childhood are most severe in their attack when the health of the individual is low.

The nutritive value of a person's diet is related to his income. In 1935–36, a minimum of $100 per year could provide an individual with an adequate diet.[22] With the rise in living costs, the present figure would be at least $200. The significance of this standard becomes apparent when it is realized that in 1946 more than five million families earned less than $1,000 each.[23] Moreover, many of these families contained five or more persons. Adequate diets for many families can be realized only by securing larger income.

PUBLIC HEALTH AND MEDICAL FACILITIES

Control and Prevention of Disease. The public health movement, in applying the discoveries of medical science, has played an important role in the progress of health. Public health has been termed the science and art of preventing disease, prolonging life, and promoting physical and mental health and efficiency through organized community effort.[24] There have been two major reasons for tax-supported medical service. The first and earliest reason was the public interest in poverty. The public has long provided some medical care for poor persons. Since 1900, a new reason for the extension of public health service has been the interest in contagious diseases, venereal diseases, tuberculosis, and mental disorders.

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[21] J. S. McLester, "Nutrition and the Future of Man," *Journal of the American Medical Association*, 1935, 105: pp. 2144–7.

[22] National Resources Committee, *The Problems of a Changing Population*, p. 179.

[23] Oscar R. Ewing, *op. cit.*, p. 68.

[24] Ira V. Hiscock (ed.), *Community Health Organizations*, New York, Commonwealth Fund, 1939, p. 13.

Sanitation. The first achievement and emphasis of public health was sanitation and the provision of a pure water supply. Most Americans usually take these social services for granted. Yet these facilities are preconditions for the existence of life in the city. Public health and other community services are unquestionably the major reasons for the historic decline of the death rate. Years ago, deaths in the cities of the Western world normally exceeded births, and large numbers of city inhabitants were swept away by epidemics. The provision of pure water, the development of centralized sewage and waste disposal, and the availability of pure food were among the basic measures which lowered the death rate in cities. In Philadelphia, for example, sanitation measures were responsible for the marked decrease in typhoid fever cases. After a quarter century of many typhoid cases, reaching a peak of 10,000 cases in 1906, water filters were installed. By 1913, typhoid cases fell to 1,000. Then chlorination of water was introduced, and the number of cases dropped below 400 by 1920.[25]

Our national task of sanitation is far from complete, and extra efforts in this area can still pay large rewards. For example, 20 per cent of the fluid milk in the United States is still not pasteurized. Considerable deficiencies in water and sewerage systems still exist. In some 5,700 communities in which 2,000,000 persons live, there are no public water supply systems. Nine thousand communities, with a total of 6,000,000 population, need complete sewerage systems.[26] The task of providing the necessary funds for sanitation facilities to protect the health of many of our people at present rests almost completely with individual home owners and with local communities and states. Congress, in 1947–1948, recognized part of the Federal government's responsibility by enacting a law which provides for loans of $22,500,000 a year for each of five years to communities in order to assist in reducing the pollution of rivers and streams.

Immunization. The next contribution of public health was the control over communicable diseases. Not many years ago it was considered the birthright of every child to contract whooping cough, scarlet fever, and other such diseases. Today those diseases are more of a rarity. The control has consisted of the quarantine of victims, public sanitation measures, and vaccination. The effectiveness of these measures can be shown by several illustrations. The partial conquest of typhoid fever came through improved sanitation, better water and milk supplies, and the identification and quarantine of typhoid carriers. The number of lives taken by tuberculosis has been reduced through the control of milk supplies, improved care of patients, segregation of carriers of the disease, and public health education.

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[25] National Resources Committee, *The Problems of a Changing Population*, p. 169.

[26] Oscar R. Ewing, *op. cit.*, p. 23.

The present program of public health includes efforts to control other diseases, and involves studies of the basic factors in health. The conditions that lower vitality are receiving particular attention. A search is going on to discover effective immunization against such communicable diseases as measles, influenza, and dysentery. Improper nutrition is being remedied, in part, by educational campaigns. The routine and strain of working conditions are being subjected to painstaking analysis. The extension of pure water supplies and other sanitation facilities to the rural areas of the South should prove effective.

The venereal diseases, also are coming to be recognized as major problems in the public health field. The attack on syphilis, for example, is twofold. The aims are to control infections and to require timely treatment of all those infected. Gonorrhea has been definitely found to be controllable through the use of new drugs. No longer is the control and elimination of the harmful effects of venereal diseases a question of securing the necessary medical knowledge. Instead, the need is simply one of public willingness to bring about legislation which will make this knowledge effective. The widespread adoption of public health control in Sweden and Denmark has produced great reductions in these diseases. The national program against venereal diseases, initiated in 1938, has now reached the stage where a renewed nationwide, intensive drive could reduce the venereal diseases to the level of the low rates now prevailing for smallpox and typhoid. Various localities in the United States have also taken advantage of similar programs, but generally we have been backward in extending measures to control venereal diseases. An encouraging prospect in the battle against syphilis and other venereal diseases is the passage of state laws requiring premarital physical examinations and forbidding marriage of persons with communicable venereal diseases. The armed forces conducted some pioneer experiments on venereal diseases, and the use of some sulpha drugs in treatment shows excellent results.

Governmental Responsibilities in Public Health. The chief power and obligation for public health rests with the government. As with public education, public health is primarily a function of the states' police and welfare powers. However, the states have delegated much authority over public health affairs to the counties and especially the cities, where community action is indispensable.

The Federal Government. The United States Public Health Service, a bureau within the Federal Security Agency, is the major agency of the Federal government in public health. It is concerned largely with controlling the spread of disease and suppressing epidemics. The Public Health Service cooperates closely with state and local agencies in the development and extension of health services in outlying areas. Among its special activities are the investigation of diseases, education in public health, maintenance of marine hospitals, and the confinement of drug addicts. The Public Health Service has carried on various surveys and "pilot" projects in local areas. The best data on illness in the United States were obtained by the National Health Survey, sponsored by the U. S. Public Health Service and the WPA, which made a house-to-house canvass in 1935–36 of about 800,000 families in nineteen states and eighty-four cities. The Public Health Service made a pilot study in 1941 in Hagerstown, Maryland, which gave government officials an idea of the type and proportion of rejections which later could be expected by the armed forces.

The Federal government provides medical services for special groups. Millions of veterans are affected by the medical services of the Veterans' Administration. In 1947 there were at least 60,000 veterans in Veterans' Administration hospitals, and many other veterans were treated as out-patients. The medical staffs of the armed forces provide complete medical care and facilities for another 1,500,000 persons. Merchant seamen, Indians, and lepers are also provided with medical services by the Federal government. There are other Federal bureaus performing public health functions, the best known of these being the Children's Bureau, and the Food and Drugs Administration.

States. All of the states have a department of public health, which sets policies and regulations, issues licenses, and conducts hearings in violation cases. Among the specific duties of state health departments are the collection and analysis of vital statistics, the maintenance of a public health laboratory and nursing staff, sanitary engineering, industrial hygiene, and the supervision of foods. Perhaps the greatest influence of the state is its leadership in financing and coordinating the health programs in the counties. In times of emergency the state department may even assume control over the county health services. As a rule, though, state aid and control is seldom extended to city health departments.

Localities. Local control over public health is carried on by the counties, towns, and cities. The great need of county health departments is for full-time professional personnel. Many of the rural communities had been securing the most advanced public health facilities, but the depression stopped this extension. Generally, county health officers are poorly trained and underpaid; and the inadequacy of maternity, infant, and preschool hygiene services is very marked. To provide protective and preventive service through the employment of a full-time professional health officer, some counties have pooled their health work.

Another department in local health administration has been regionally organized. Large cities control their milk supply over wide areas, often extended across state lines. Many communities within the orbit of a metropolitan city have found it economical to contract with the large city for their health services. A common inspectional service and jointly used and controlled hospitals are most important among these cooperative schemes.

The most elaborate public health program is found in the cities. The reasons for this are probably the absolute need for public supervision, owing to congestion, and the cities' relative wealth. Cities provide their inhabitants with more complex and specialized public and private health facilities than do counties or townships. The functions performed by the larger city health departments usually include control over the entire food supply, a health education agency, institutions for the treatment of tuberculosis, diagnostic clinics, and open-air schoolrooms and summer camps. In recent years, with the widespread interest shown in the program for the treatment of pneumonia and the prevention of diphtheria, city public health departments have distributed, free of charge, serums and toxin-antitoxins. Public health nursing is so completely incorporated in city health programs that it uses about 50 per cent of the health budget.

In summary, the greatest progress has been made in conquering diseases through sanitation, the next most progress where immunization can be employed, and the least progress where more elaborate techniques, coordination of services, and direct public organization and participation are required.[27]

PRIVATE MEDICAL CARE AND HEALTH FACILITIES

The Nature of Medical Practice. The picture of the family doctor is a familiar one. We cherish the personal relationship between the patient and the physician; and the patient's "free choice" of his physician is deemed sacred. Yet in an age of medical specialization and expensive equipment for diagnosis and treatment, these traditional attitudes are increasingly difficult to maintain. People, especially the urban populations, are more mobile today than ever before. Millions of Americans know of no way, except on hearsay advice, to select a physician in time of need. Often the qualifications and personality of the physician are unknown to a prospective patient. Some additional practical limitations to the reality of "free choice" are the geographical availability of physicians, and the custom whereby a physician may treat a patient only in those hospitals in which the physician has staff connections.[28]

The principle of mass production as applied to industry and business meant economies in unit cost; but the application of inventions and increased specialization in medicine brought greater costs. Medical men must undergo longer periods of training, and the office of the modern physician needs to be equipped with the newest, usually expensive, equipment. To pay for the extended education and the costly equipment, fees must be increased. Moreover, practically no physician, unaided, can provide all that medicine has to offer. Many general practitioners merely direct patients to various specialists.[29] In fact, one of the problems arising out of the complexities of modern-day medicine is how to bring general practitioners, specialists, and various technicians and facilities together for the best medical care of the patient.

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[27] Oscar R. Ewing, *op. cit.*, p. 171.

[28] Michael M. Davis and Bernhard J. Stern, *The Health of a Nation*, "Problems in American Life Pamphlet," Unit No. 17, Washington, D. C., National Education Association, 1943, pp. 36–7.

The element of competition, which is common to business enterprise, is banned by the ethical code of the medical profession. Undoubtedly, this condition works to the best advantage of the patient, who is not regarded merely as a customer. Theoretically, medical ethics recognizes no distinctions between individuals except as to their medical needs. The medical profession, under private practice, has voluntarily assumed the burden of those persons who cannot afford medical fees. Perhaps this was particularly true among country doctors, who came to know their patients personally, and consequently considered the welfare of the patients irrespective of financial ability. Even the best specialists in all medical fields give their time and services to charity cases. Hours spent at free clinics and the treatment of office patients who are unable to meet the doctor bills are ample testimony of the splendid work of the medical profession. But some students of the problems of health are asking the question: Why should the doctor be expected to do this? The doctor must make a living, and it isn't fair that he should donate his services. More important, it must be recognized that even with all the free medical care, the available services are far too few to meet the need.

Private Health Personnel and Agencies. Along with medical progress and the demand for more and better care, there has grown up a large "medical service industry" staffed with more than 1,500,000 persons. These individuals are classified by vocation in TABLE

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[29] Michael M. Davis, "The Supply of Doctors," *Medical Care*, November, 1942, pp. 314–321.

xv. The large-scale character of health technology can be seen from the fact that these individuals use medical care equipment valued at more than 6 billion dollars. Included in this capital investment are hospitals, clinics, research laboratories, offices, and diagnostic and therapeutic apparatus. Though some of this personnel are part of public health services, there are many other persons, such as teachers of physical education and science and employees of drug and health food concerns, who indirectly promote health.

TABLE XV

PERSONS ENGAGED IN HEALTH WORK*

Physicians†	190,000
Dentists†	75,000
Graduate and student nurses	350,000
Practical nurses	150,000
Pharmacists and assistants	175,000
Midwives	50,000
Optometrists, chiropodists, masseurs	31,000
Technical and subordinate personnel in hospitals and health agencies	400,000
Doctors' and dentists' office help	55,000
Osteopaths, chiropractors, sectarian practitioners, faith healers	40,000
	1,516,000

* These figures are for 1942, and include persons employed in various governmental agencies. From Michael M. Davis and Bernhard J. Stern, *The Health of a Nation,* p. 32.

† The figures are for 1947, and are from Oscar R. Ewing, *The Nation's Health,* p. 15.

A variety of voluntary, private health associations and agencies supplement the public health services. The best-known national council is the American Public Health Association. The Association has helped to improve and extend public health services by conducting surveys and making awards to communities which have high public health standards. There are some specialized health agencies which conduct educational campaigns and provide information of health value to the public. These agencies include the National Tuberculosis Association, the National Committee on Mental Hygiene, the American Society for the Control of Cancer, the American Heart Association, and the National Foundation for

Infantile Paralysis. Some life insurance companies are also active in supplying their policyholders with health information.

The health professions have organizations designed to promote health. The best known is the American Medical Association. About two-thirds of all the physicians are organized into county and state medical societies. The national level in the Association is composed of delegates elected from the states. This national organization publishes the popular magazine, *Hygeia,* and a weekly professional journal. Many of the state medical societies publish their own journals. The dentists have a similar organization, known as the American Dental Association. The American Nurses' Association is the national organization for the nursing profession, and has its own journal. The American Hospital Association is the national agency for hospitals.

Private agencies are notable for their pioneer work in health programs and for their aid under public auspices.

Industrial Health. Considerable progress has been made in the field of industrial health. Employees, employers, and local communities have benefited from proper industrial medical care and education. The scope of such plans has not been completely surveyed, but it is certain that only a minority of industrial employees are affected, and that there are still many possibilities for further development. The progress in this field appears to be dependent on the understanding that employers must have about the money they can save, and about the good will they can create. Some 1,600 industrial groups, which have for years provided their employees with health and medical service as well as improved working conditions, reported a 63 per cent reduction in occupational diseases, and a 30 per cent reduction in absenteeism due to sickness.[30]

HEALTH PROBLEMS IN AMERICA

Amount and Distribution of Health Resources. Many Americans do not have a full measure of opportunity to enjoy good health. One major reason why millions of people are without even minimum health and medical services is that our health manpower and facilities are insufficient and unequally distributed.

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[30] "Health on the Production Front," *National Association of Manufacturers,* New York, 1944, referred to in Oscar R. Ewing, *op. cit.,* p. 3.

Physicians. The nation has only 80 per cent as many physicians as it needs. There were 190,000 licensed physicians in 1947, as compared to 120,000 in 1900. In proportion to population, the United States has more physicians than any other large nation; but even so, the growth in the number of physicians has not kept pace with the growth in population. The ratio of physicians to population in 1900 was one for every 578 persons; in 1947 the ratio was about one to 750 persons.[31] There is an acceptable standard, called the "12-state yardstick," to measure the actual need for physicians. The 12-state yardstick for physicians, which is the average of the top quarter of our states, is one for every 667 persons.[32] According to this standard, the supply of physicians at the present time falls short of needs by nearly 20 per cent, or by 25,000 to 30,000 physicians.

More serious is the fact that physicians are not distributed according to need. Some communities have more than enough physicians, while other communities have too few. For example, New York has an average of one physician for every 500 persons, but Mississippi has one for every 1,500 persons.[33] The variations are even greater when counties are considered. There were 31 counties in 1940 in which there was not even one physician. Six counties had one physician for every 10,000 persons. In contrast, there were about 500 counties that had one physician for 1,000 or fewer persons.[34]

One important reason for this disparity is that the search for high incomes has led to a relative concentration of physicians in the larger cities. In communities of less than 1,000 persons, the average physician earned $9,470 in 1943, while in cities of more than one million persons the income was $11,998. The unequal geographic distribution is even greater in the case of specialists, because the cities are practically the only places where professional and financial opportunities exist. The average physician in general practice in 1943 earned $6,817, in comparison with the full specialist's income of $11,808.[35]

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[31] J. Frederic Dewhurst *et al, America's Needs and Resources,* The Twentieth Century Fund, New York, 1947, p. 236; and Oscar R. Ewing, *op. cit.,* p. 15.

[32] Oscar R. Ewing, *op. cit.,* p. 38.

[33] *Ibid.,* p. 37. [34] J. Frederic Dewhurst, *et al., op. cit.,* p. 237.

Dentists. The shortage of dentists is also severe, and, as compared with physicians, dentists are more unevenly distributed. The dental profession has grown rapidly from a membership of about 30,000 in 1900 to 75,000 in 1947. The ratio was one dentist for about 2,500 persons in 1900 as compared to one for about 1,900 persons in 1947. The 12-state yardstick for dentists is one dentist for every 1,400 persons.[36] Using this as a standard, another 20,000 dentists are needed at the present time.

Dentists, more than physicians, practice in the urban centers. The Pacific Coast states have a heavy urban population, and consequently (in 1940) this area had a favorable ratio of dentists, with one dentist for every 1,290 persons. At the other extreme are the East South Central states, where in the same year there was one dentist for every 4,789 persons. The average dentist earned $2,470 in communities of less than 1,000 persons, and in cities of 500,000 or more persons his average income was $3,907 in 1941.[37]

Nurses. Nurses are the largest single group of health workers in the country. The 12-state yardstick for nurses, both professional and practical, is one for every 280 persons.[38] The American Nurses' Association has estimated the current shortage of nurses at 42,000. The distribution of nurses is very uneven. For example, Connecticut has one nurse for every 200 persons, while Arkansas has one for 2,100.[39] The insufficient number and uneven distribution of other medical personnel, such as pharmacists and public health workers, parallels the picture drawn for physicians, dentists, and nurses.

Hospitals. About a century ago, many hospitals were little better than pest houses. Today, the hospital is considered to be a modern workshop of scientific medicine, which includes provision for the diagnosis and treatment of the sick, clinics, research laboratories, and the training of nurses and technicians. The total bed capacity was about 750,000 in 1923; but by 1947 there were about twice that number. Hospitals, like medical personnel, tend to "follow the dollar and not the need." We have only about 50 per cent as many acceptable hospital beds as are required. About 15 million persons have neither a local hospital nor a hospital that meets the minimum standards set by national professional associations. The nation as a whole has 4.7 beds in general hospitals per 1,000 persons. The wealthy urban areas are served by more hospitals and have more hospital beds than the rural areas. For example, the states in the Northeast and on the Pacific Coast had (in 1942), on the average, 6 beds for every 1,000 persons; the Southern states had only 4 beds for 1,000 persons. In the large cities and the metropolitan areas the average is two to three times that for the nation as a whole, while many rural areas have no hospital beds within convenient reach of the population. The shortage of beds for the chronically ill, for mental patients, and for tubercular patients is also severe.[40]

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[35] *Federal Security Agency, Medical Care and Costs in Relation to Family Income,* U. S. Government Printing Office, Washington, D. C., May, 1947, p. 205.

[36] Oscar R. Ewing, *op. cit.,* p. 38.

[37] J. Frederic Dewhurst, *et al., op. cit.,* p. 240.

[38] *Ibid.,* p. 242. [39] Oscar R. Ewing, *op. cit.,* p. 38.

Health and Income. The American people spend about 8½ billion dollars a year for medical and health services. About three-fourths of this sum is spent by individuals and families on a fee basis. About one-fourth of the total, or about $1,962,000,000, comes from tax funds and is spent by Federal, state, and local governments. The remainder, about 7 per cent, is spent by industry and philanthropy.[41]

Medical care absorbs only 3.5 per cent of the average American's income. As a general rule (see TABLE XVI), the proportion of income used for medical care becomes smaller as income increases. But the *number* of dollars spent for medical care increases as income increases. For example, persons with incomes below $500 a year (in 1942) spent about 7.9 per cent, or $26, of their income for medical care, while families with at least $10,000 income spent only 1.6 per cent, or $340.

To aggravate this problem, medical needs do not fall evenly on all individuals and families. Many persons are hit by sickness that calls for many times the average costs. It has been pointed out that sickness and disability rates are higher among low-income than among high-income groups. Yet, low-income families have fewer

[40] *Ibid.*, p. 37. [41] Federal Security Agency, *op. cit.*, p. 262.

physician calls and days of hospital care, and make fewer visits to dentists, than do families with moderate incomes.[42] The American Medical Association declared in 1939 that the great majority of the American people—those with incomes up to $3,000 a year—find it difficult to meet their medical costs.[43]

Drugs and Medicines. Americans spend more than $750,000,000 annually for drugs and medicines, which are purchased directly from retail druggists or general merchants.[44] About one-fourth of this total amount is spent for drugs and medicines prescribed by physicians or hospitals. It is estimated that each of the 132,000 trained pharmacists in the United States compounds, on the average, about 1,200 prescriptions per year, although the pharmacist could very well prepare ten times this number without lowering the quality of the product. Yet the pharmacist is usually forced to

TABLE XVI

MEDICAL CARE EXPENDITURES OF FAMILIES AND SINGLE CONSUMERS* BY MONEY-INCOME LEVEL, 1942

Money-Income Level	*Aggregate Expenditures*	*Average Medical Expenditures*	*Percentage of Income*
	(In Millions)		
Total	$3,710	$90	3.5
Under $500	91	26	7.9
500– 1,000	261	39	5.1
1,000– 1,500	375	57	4.6
1,500– 2,000	413	69	4.0
2,000– 2,500	404	87	3.9
2,500– 3,000	341	104	3.8
3,000– 4,000	596	129	3.7
4,000– 5,000	428	163	3.7
5,000– 7,500	390	205	3.3
7,500–10,000	143	228	2.8
10,000 or over	268	340	1.6

* Estimates cover all family and single civilian consumers except those living in institutions.

Source: *Civilian Spending and Saving, 1941 and 1942,* Office of Price Administration, March 1, 1943. From J. Frederic Dewhurst, *et. al., op. cit.,* p. 251.

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[42] *National Health Program,* Part 1, 1946, p. 147.

[43] *Ibid.,* Part 5, p. 2678.

[44] J. Frederic Dewhurst *et al., op. cit.,* p. 254.

convert his drug store into a department store, where all kinds of wares and patent medicines are sold. Frequently the pharmacist prescribes a patent medicine as a cure-all; and certainly many patients make a self-diagnosis of their disease or sickness. The Committee on the Costs of Medical Care, in 1932, estimated that the annual sales of patent medicines amount to about half of the total spent for all medical service and commodities. The Committee declared that most of the money spent for patent medicines is wasted.[45]

Since 1927, when Stuart Chase and F. J. Schlink published *Your Money's Worth,* there has been a flood of literature on the dangers to health in the use of certain drugs, especially patent medicines. The 1938 Wheeler-Lea Amendment to the Federal Trade Commission Act, which regulates advertising and "unfair or deceptive acts or practices" in interstate commerce, was one milestone in protecting the health of consumers. The Food, Drug, and Cosmetics Act of 1938, which repealed the outmoded provisions of the 1906 Act, provides for regulation in keeping with present-day requirements.[46] According to the new Act, the label on the drug product must show what substances it contains, though the exact amount of each substance does not have to be shown. This information turns out to be of little value to the average person, however, because he usually does not understand the meaning of such names as antipyrine or acetanilid.

Also important is the legislation enacted by individual states to cover the activities which the interstate power of the Federal government is unable to control. The State of North Dakota offers an excellent example of drug laws which are up-to-date and are designed to protect the consumer.[47]

The problem of drugs and medicines is aggravated by substandard or irregular medical practice and medical quackery. There is no doubt that medical quackery flourishes, particularly where people lack education and have low incomes. The American Medical Association and similar reputable health organizations are most active in discovering and publicizing medical quackery in the public interest.

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[45] Committee on the Costs of Medical Care, *Medical Care for the American People,* University of Chicago Press, Chicago, 1932, p. 29.

[46] *Consumers' Guide,* U. S. Government Printing Office, Washington, D. C., V: 5, June, 1938.

[47] *Consumers' Guide,* U. S. Government Printing Office, Washington, D. C., V: 9. October, 1938.

HEALTH SECURITY IN AMERICA

Our nation possesses the resources, the technical experience, and the economic ability to cope with the problem of providing adequate medical care. The task of advancing the health of the nation is dependent upon (1) the quality of scientific medical research; (2) efficiency in the organization and administration of health services; and (3) the adequacy of economic support or health services.

Medical Research and Preventive Medicine. Many of the contributions of medical research are well known. The germ theory and the discovery of vaccines, serums, and toxins have been the bases for the great advances in health. Though the most important methods of attacking diseases were in their infancy only fifty years ago, new research knowledge and methods in practice are appearing constantly. There is reasonable prospect that discoveries in the fields of the chemical, physical, and biological sciences will bring new contributions to the improvement of health. Research is being carried on to discover the cause and cure of the "common cold." The development of a large cyclotron may be an important step toward the cure of cancer, which is predicted as being only a few years off.

More exact knowledge is needed of the basic nature of man and his functioning. There are gaps in research concerning the aging process in man, the chronic degenerative diseases, spastic conditions and congenital deformities. The psychological and social sciences should aid in understanding mental disorders more fully. Studies have been and are being conducted to discover the relationship of various occupations, areas of life, and kinds of life experiences to nervous breakdowns and serious mental illness.

Much remains to be done in extending the use of preventive health measures in private medical practice and in public health work. Physicians are being encouraged to understand more about psychological and emotional factors, and to give their patients more instruction and guidance in the basic principles of physical and mental hygiene. Public health agencies have already made great advances in the application of preventive medicine through collection of vital statistics and control over sanitation, water supplies, milk, and food supplies. A promising field is the popular health education which the schools can carry on in conjunction with the public health agencies.

The search for additional knowledge about man's health needs is quite feeble as compared with the search for knowledge pertaining to material wealth. Nationally, more than 1 billion dollars are spent for research of all types, but only a little more than 10 per cent of this sum is devoted to medical and related research.

Predicting Illness. For the population as a whole, it is relatively easy to determine exactly how much illness will occur. During a year, among each 1,000 persons:

470 will suffer no recognized illness
320 will be sick once
140 will be sick twice
50 will be sick three times
20 will be sick four or more times.[43]

This incidence of illness recurs year after year, but no person can predict the length, severity, or cost of his own illness.

In addition to the usual practice, in which individuals pay for health care and treatment directly on a fee basis, there are four major ways by which the individual or family can secure protection against the possibilities and costs of illness, disease, or disability. These methods are: (1) charity and philanthropy, (2) taxation, (3) voluntary health insurance, and (4) compulsory health insurance.

Charity and Philantrophy. Some medical care is paid for by private philanthropy. Charity may be given in the form of a reduced or returned physician's fee to needy persons. Charity also takes the form of philanthropic support of private hospitals or clinics. In all, charity and philanthropy pay for about 5 per cent

[43] I. S. Falk *et al, The Incidence of Illness and the Receipt and Costs of Medical Care Among Representative Families,* Chicago, University of Chicago Press, 1933.

of the total costs for medical care. Thus, these sources do not even begin to meet the medical care needs.

Taxation. Tax-supported or public medical care has long been a method of paying for medical care of certain groups of persons and of distributing the financial burden of sickness over society as a whole. Public medical services vary from state to state and from community to community. In some places, systems of public medical care are well organized and adequately supported, but in most places little more than emergency service is available. Of the almost 2 billion dollars spent each year by government agencies for medical care, about one-fifth comes from Federal agencies and the remainder from state and local tax funds.

One study reveals that many low-income families do not receive all their medical care free.[49] At the same time, the emergency medical costs for these families are too high to be paid for out of their incomes. This condition is reflected in the sources of the incomes of the practicing physicians and dentists. The physicians derive about one-third of their incomes from the highest 10 per cent of income groups. Dentists draw about 40 per cent of their incomes from the highest 10 per cent of income groups.[50]

To provide more adequate hospital facilities in the areas of greatest need, particularly in the rural regions of the nation, Congress in 1946 approved an act [51] designed to assist the states to (1) take inventories of their existing hospital facilities, (2) make surveys of their hospital needs, and (3) construct public and other nonprofit hospitals. The Federal government is authorized to spend $375,000,000 from 1947 through 1951 in annual grants of $75,000,000 for hospital construction. Grants to the states will vary according to the population and per capita income, and may amount to no more than one-third of the costs. In addition, the Federal government may appropriate $3,000,000 to assist the states in surveying their hospital needs and for the planning of hospital programs. It is estimated that by 1950 about $350,000,000 will be spent for necessary hospital replacements and additions. The rural areas should benefit most from this public tax-supported program.

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[49] National Resources Committee, *Consumer Expenditures in the United States*, U. S. Government Printing Office, Washington, D. C., 1938.

[50] Michael M. Davis and Bernhard J. Stern, *The Health of a Nation*, "Problems in American Life Pamphlet," Unit No. 17, Washington, D. C., National Education Association, 1943, p. 39.

[51] The Hospital Survey and Construction Act, Public Law 725, 79th Congress, 2d session.

One of the Federal legislative proposals, which is essentially an expanded tax program, is the provision of grants-in-aid (that is, a state would be required to match at least $2.00 for every $1.00 from the Federal government) to the states for the medical care of needy persons. The legislative proposal has been sponsored by those legislators who are opposed to the proposed compulsory health insurance bills, and who hope that this tax program will be accepted as a substitute. On the basis of population and tax-paying ability, states would share in $200,000,000 annually. Additional amounts would be granted to provide dental services, and to encourage universities and other institutions to conduct medical research. The major criticism which has been made against this type of Federal aid to medical care is that it is "an extended program of 'poor man's medicine,' by means of which some people, providing they pass a means test or take a pauper's oath, would receive aid."[52]

Voluntary Health Insurance Plans. Anyone who owns a life insurance or fire insurance policy knows, in at least a general way, how the "law of averages" works to spread risks and to benefit the insured or the beneficiaries when a loss occurs. Insurance plans of the voluntary group type have been operating in health fields for at least fifty years, and during the last twenty years there has been great expansion. Commercial companies have sold medical and hospital insurance policies to groups and more recently to individuals, though in the latter case the premiums have been higher. Business concerns and industries, fraternal societies, unions, and other sick-benefit associations have plans to protect their employees or members against the risks of sickness, disability, or death.

Industrial Plans. One of the earliest voluntary health insurance plans was the industrial plan in such fields as mining, lumber, and railroads. Often these companies were isolated so that medical care facilities were not otherwise available. The medical and hospital service would be established, and the costs paid for through payroll deductions, through joint contributions from employees and employer, and occasionally entirely by the employer. In some instances, the employer would provide the hospital and other equipment and the employees would pay for the maintenance costs. Though this type of medical insurance is very helpful for those who are covered, only a small fraction of industries have established such plans. Moreover, a successful industrial plan would have to include at least 10,000 employees.[53] In 1945 1,500,000 employees were covered by industrial health plans.[54]

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[52] *National Health Program,* Part 5, 1946, p. 2690.

Hospital Plans. One of the rapidly growing voluntary insurance plans is the hospital plan. Perhaps the best known is the Blue Cross Plan, which claimed about 30 million members in 1948. The plan is essentially an organization among many of the best hospitals which provide a variety of services and collect the fees directly from the plan. Membership is largely concentrated in medium and large cities, and mainly in middle-income groups.

Medical Society Plans. Since the early 1930's, when the American Medical Association endorsed the principle of voluntary group health insurance, at least ten state medical societies have established medical society plans. The State Medical Society plan in Michigan has had some substantial success, as have similiar plans in California, Oregon, and Washington. In Michigan, about 500,000 persons are covered by the plan, which gives surgical service to hospitalized members. In California, during the war years, the plan placed salaried physicians in the public housing projects built near the new industries. Together with specialist service and hospital facilities provided in other parts of the cities, the plan was able to offer extensive coverage. In 1945 there were 2,500,000 persons in medical society plans.[55]

Private Group Clinic Plans. These plans are sponsored by physicians or by consumer groups, and usually offer a greater variety of services than those furnished by other plans. In some areas a number of persons have organized as a group and have either hired, or made other arrangements with physicians, clinics, or hospitals to supply medical care. The Group Health Association of Washington, D. C., is one of the well-known cooperative plans.

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[53] *National Health Program,* Part 4, 1946, p. 2396.
[54] Federal Security Agency, *op. cit.,* p. 297. [55] *Ibid.*

Several thousand Federal government employees have their own clinic, staffed with salaried physicians, and have made arrangements with local hospitals. The Farmers' Union Cooperative Association of Elk City, Oklahoma, is another cooperative organization which owns and operates a hospital and clinic. The Ross-Loos Medical Group of Los Angeles is an example of a private group clinic owned by some seventy full-time physicians who furnish groups of employees, totaling more than 70,000 with complete medical service in the home, clinic, or hospital. A consumer-sponsored plan is the Health Insurance Plan of Greater New York. Backed by prominent physicians, hospital administrators, business men, labor unions, and the city administrations, the plan covers employee groups and their dependents for all types of physicians' services in the home, office, and hospital. A visiting-nurse service is also provided. The physicians work as teams, thus bringing the benefits of complete medical knowledge. This is an important advantage of the private group clinic plan. There were 400,000 members in this type of plan in 1945.[56]

Government Agency Plans. The Farm Security Agency (FSA) has done a pioneer job in providing medical care for more than 300,000 low-income farm families, and for another 500,000 farm families which borrow money from the FSA.[57] Medical care is paid for by funds included in the loans made by the FSA. These funds are pooled to pay for doctors' services, hospitals, and in many instances for dental services. A number of FSA families have contracts with medical agencies for certain services at specified rates. The Department of Agriculture has been conducting experimental voluntary group medical care plans among self-supporting families in certain counties in five states.[58] In August, 1943, about 37,000 persons were eligible for care under these programs. These farm families contribute 6 per cent of their cash income, while the Department puts up the balance. A similar program is being conducted for migrant farm families.

Evaluating Voluntary Group Health Plans. To evaluate the voluntary health plans, three items must be considered; namely, the number of persons covered, where these people live, and the extent of coverage.

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[56] *Ibid.* [57] *National Health Program,* Part 4, 1946, p. 2397.
[58] Federal Security Agency, *op. cit.,* p. 297.

The voluntary prepayment hospital and medical care plans have grown rapidly during the past decade. About 30,000,000 persons, or 20 per cent of the population, have hospital insurance. Another 20,000,000 persons have policies for cash reimbursements for certain kinds and amounts of hospital bills. Only about 3,500,000, or less than 3 per cent of the population, have rather complete insurance protection that includes hospitalization and doctor's care in office, home, and hospital. Relatively few people have insurance coverage for such items as dentistry, home nursing, expensive drugs, and eyeglasses or hearing aids. The annual premium on a comprehensive health policy would range between $130 and $200 a year per family. It is estimated that only 20 per cent of our people are able to afford all the medical care they need.[59]

The ability of American families to take advantage of voluntary health plans must be measured, in large part, by the family income.[60] Nearly 50 per cent of the nation's families—including about 70,000,000 persons—had incomes below $3,000 in 1946. Most of these families had barely enough or not enough to maintain a minimum standard of adequate living. The 18,000,000 persons included in families with an income below $1,000—or less than $84 a month—could hardly be expected to pay a flat-rate insurance premium of $48 to $72 a year for hospitalization and surgeons' fees. Most of the 22,000,000 persons in families with incomes between $1,000 and $2,000 are in much the same position. There were 28,000,000 people in the group of families with an annual income of $2,000 to $3,000, but probably 20,000,000 of these families cannot afford even a moderately comprehensive, voluntary health insurance plan.

The limitation that inadequate income places on the expansion of voluntary health insurance plans becomes even clearer when the proportions of persons covered are matched by per capita income levels of the various states. In general, the spread of voluntary hospitalization insurance plans reveals the same distribution problems as does the supply of physicians, dentists, and hospitals. Where income levels are low, voluntary insurance plans have relatively few subscribers; where income levels are high, membership is also high. For example, in Massachusetts, with a per capita income of $1,300, 41 per cent of the population is covered by the Blue Cross Plan. Rhode Island, with an average income of $1,347, has 67 per cent of the population enrolled. In contrast, South Carolina and Tennessee, with average incomes of $700 and $843, respectively, have only 1.5 per cent and 7.7 per cent of their populations enrolled.[61]

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[59] Oscar Ewing, *op. cit.*, p. 11.

[60] See *Chapter Twenty*, "Incomes and Standards of Living."

In summary, the relatively small proportion of the population enrolled in voluntary health insurance plans is not to be regarded as indicative of the lack of need or desire for health protection. In addition to the limitations which are laid down by the plans themselves, voluntary group insurance fails to give protection to the low-income groups, which need it most. Voluntary health insurance plans have been successful for middle-income groups located mainly in the cities.

Compulsory Health Insurance. The most controversial legislative proposals to hurdle the economic barriers to good health have been the compulsory health insurance bills. These bills have come before Congress since 1939, the most important one being the National Health Bill of 1945. Though this bill was not enacted into law, it received such careful study during the hearings before a Senate committee that it will undoubtedly have much influence on the thinking and action of Americans about their health needs.[62]

Essentially, these bills would include medical care and hospitalization services within an enlarged framework of the Social Security Law. The National Health Bill provides for Federal aid to the states for public health services, and medical care for mothers, children, and needy persons. The Federal government would pay between 50 and 75 per cent of the amount a state would spend for such services, with the poorest states getting the largest percentage of grants.

The bill also provides for a system of prepaid health services for gainfully employed workers and their families. Although no provision is made for the method of financing the program, other bills provide for a payroll deduction from workers' income and a corresponding sum to be paid by the employer. The medical fund thus established would be used to furnish preventive, diagnostic, and curative services by general practitioners and specialists, as well as hospitalization and necessary laboratory work. The Surgeon General of the United States Public Health Service would establish standards whereby any physician, dentist, nurse, clinic, or hospital would become eligible to participate. An eligible patient would be allowed to choose his physicians, dentist, or hospital.

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[61] Oscar R. Ewing, *op. cit.*, pp. 85–7.

[62] The deliberations of the National Health Assembly, which met in Washington, D. C., in May, 1948, should likewise be influential.

The Surgeon General would be responsible for the professional and technical aspects of the program, including the right to make and publish rules, subject to the approval of the Federal Security Administrator. An Advisory Council would be appointed by the Surgeon General to advise him on policies and procedures.

Arguments Pro and Con. The advocates of the National Health Bill are the Federal government administration, labor, consumer organizations, and, welfare, educational, and church groups, together with a minority of the medical profession. These groups believe that by pooling resources and spreading risks, scaling premiums according to income, and equalizing medical purchasing power, national health insurance would make complete medical care available to most of the people.

The opponents of compulsory health insurance are the American Medical Association, state medical societies, the American Hospital Association, the American Bar Association, the United States Chamber of Commerce, and other medical, industrial, and business groups.

These groups have raised six main arguments against a system of compulsory health insurance; namely, (1) that government health insurance is socialized or state medicine; (2) that it is compulsory; (3) that it would be highly centralized and would concentrate too much power in the Federal government; (4) that there are not sufficient personnel and facilities to make it effective; (5) that it would cost too much; and (6) that it would open the way to overuse and other abuses, and would lower the quality of medical services.[63] As a substitute, its opponents suggest that the "extension of the rapidly growing private and local medical health plans would eventually meet the need, and would do so more quickly, if subsidized."[64]

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[63] Oscar R. Ewing *op. cit.*, p. 105.

The supporters of the bill have responded to each of these criticisms. Full freedom of choice as to participation is to be given to doctors, hospitals, and all other medical personnel. Moreover, the rate and method of payment to physicians and others for health care are to be matters for negotiation. The prepayment plan is compulsory in the sense that all persons covered by the program would pay a stipulated percentage of their income in exchange for health services and benefits, but such compulsion—as in the case for unemployment insurance or old-age and survivors' insurance—appears necessary for the general welfare.

Another intent of the program is that its actual administration should rest mainly with the states and localities. The Federal government would aid in the financing and would maintain a system of checks and balances. Moreover, it is held that adequate health resources and services are not yet available, and even if these items were suddenly to come into existence, there would still remain the basic problem of enabling people to get the purchasing power to make use of them. Health personnel and facilities tend to increase in response to *effective* demand.

The compulsory health insurance program would require greater expenditures for health purposes. It is held that the nation needs to spend more for health if national levels of health are to be improved. As far as administrative costs of the program are concerned, there is no reason to believe that the total expenses in relation to premiums collected would be even as large as in the voluntary, non-profit health plans, where the expense runs to approximately 12 per cent.

The most serious charge is that the program will inevitably lower the quality of medical service. However, the program has been planned so that patients would have free choice of a physician, just as the physician would retain the right to reject patients. Moreover, the physician would not be required to treat so many patients that good and careful service would be sacrificed. The possibility that the program would foster malingering by individuals who would overuse the services has been shown by many voluntary health insurance plans, both in this country and in other countries, to be greatly exaggerated and easily controllable. The charge that the remuneration to physicians would be insufficient to provide good service, and that this condition would weaken the physician's interest in his patient is weak in two respects. In the first place, the clear implication of this assertion is that the physician's chief interest in the patient is the fee that he charges. Physicians themselves, in most cases, would be the first to deny this. Secondly, it must be borne in mind that much of the biological knowledge which is basic to the progress made by the medical profession has come from researchers who generally work at a fixed and relatively moderate income, but whose concern for human welfare is no less than that of practicing physicians.

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[64] *Report of the Chairman of the Committee on Education and Labor*, United States Senate, 79th Congress, 2d session, U. S. Government Printing Office, Washington, D. C., 1946, p. 33.

The plan for government health insurance is constructed in a manner that aims to protect it from becoming a "political football." Professional men are guaranteed the fullest latitude and protection, and there is provided a system of administrative and judicial appeals.

Whatever means are used, the goal is clear. All Americans must secure adequate preventive and curative medical care before we can have health security. There is little prospect that this can be achieved without some additional forms of public intervention, because many Americans are unable to bear their medical costs individually.

TERMS TO BE UNDERSTOOD

communicable diseases
degenerative diseases
public health
occupational disease
industrial accident
mental hygiene
medical ethics
12-state yardstick
voluntary health insurance
compulsory health insurance

QUESTIONS FOR DISCUSSION

1. How would you distinguish between health as a *medical* problem and health as a *social* problem?
2. What are the major diseases from which the American people suffer? Are the most frequent diseases the most serious diseases?

3. For what age groups has medical science done least (and for which has it done most) to reduce disease and death? How do you account for this?
4. What part have public health services played in advancing the health record of the nation? What more can public health do to improve health?
5. What are the major health activities carried on by: (a) the Federal government, (b) your state, (c) your city, and (d) your county?
6. What are the values attributed to private medical practice?
7. In what respects can it be said that our health status depends on social and economic factors?
8. What is meant by the saying that only the rich and the poor get the best medical care? Do you think that this is true?
9. What are some of the major problems which must be solved in order to improve health?
10. What are some of the plans which individuals and groups have voluntarily established to secure medical care?
11. If you were able to debate with a representative of the American Medical Association, what would you say on the question, "Resolved: That compulsory health insurance is needed in the United States."

FOR FURTHER STUDY

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Chapter Eleven

HOUSING

America today is confronted by an unprecedented housing shortage, a shortage that offers a serious challenge to industry, to labor, to government, and to the entire American people. Newspapers throughout the country daily carry "items" concerning families forced to live in dilapidated slums, or in tents, garages, attics, basements, and condemned buildings. Many thousands of veterans returned, not to the modern, well-built homes promised them, but to unsanitary, makeshift settlements of tents, trailers, huts, and corrugated lean-to's, to single rooms, or to overcrowded apartments shared with others.

NATURE OF AMERICAN HOUSING

We like to think of ourselves as the best-housed nation in the world, despite the existence of what many mistakenly call a "temporary shortage." But our present housing falls far below the standards of our assumptions. The 1940 Census of Housing estimated that, of the 37.3 million dwelling units in the United States in 1940, some 21 million were in good condition or needed only minor repairs; while the remaining *16 million* needed either to be replaced or rehabilitated. Almost a fifth of all our dwelling units needed major repairs.[1] Some 30 per cent of all our homes had no running water; approximately 40 per cent had no private flush toilet; about 45 per cent had no private bath or shower. More than half our homes lacked central heating (see TABLE XVII).

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[1] A house was reported as needing major repairs "when parts of the structure such as floors, roof, plaster, walls, or foundations required major repairs or replacements. A repair is major when its continued neglect will seriously impair the stucture and create a hazard to its safety as a place of residence." (From Census instructions to enumerators.)

In April, 1947, there were some 41.7 million dwelling units, of which 39.1 million were occupied and 2.6 million vacant. TABLE XVIII indicates the number and percentage of all dwelling units in the United States listed as sub-standard in 1947, according to a survey by the Bureau of the Census:[2]

TABLE XVII

NATURE AND CONDITION OF AMERICAN HOUSING, 1940*

Status	*United States*			
	Total	*Urban*	*Rural Nonfarm*	*Rural Farm*
Total *(In Millions)*				
Dwelling units	37.3	21.6	8.1	7.6
Occupied dwelling units	34.9	20.6	7.2	7.1
Median				
Number of rooms per unit	4.7	4.8	4.6	4.7
Rent or rental value per unit	$20.09	$27.31	$13.20	$5.97
Condition *(Per Cent)*				
Over 30 years old	40.8	42.2	33.7	45.6
Needing major repairs	18.3	11.5	21.4	33.9
Needing major repairs or lacking private bath	49.2	28.6	63.9	90.4
With private bath	56.2	77.5	40.8	11.8
With private flush toilet	59.7	83.0	43.2	11.2
With running water inside	69.9	93.5	55.9	17.8
With hand pump inside	4.3	0.6	7.7	11.2
With no water supply within 50 feet	5.1	0.6	8.1	14.8
With electric lighting	78.7	95.8	77.8	31.3
With mechanical refrigeration	44.1	56.0	38.7	14.9
With ice refrigeration	27.1	31.6	23.0	17.9
With central heating	42.0	58.2	27.0	10.1
Heated by stove	46.6	35.1	61.2	65.6
With gas or electric cooking	54.2	78.1	32.7	6.5
With radio	82.8	91.9	79.0	60.2

* *America's Needs and Resources*, The Twentieth Century Fund, New York, 1947, p. 143.

Source: Bureau of the Census, *Housing*, 1940.

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[2] Paul C. Glick, "Social Aspects of Housing," *The Scientific Monthly*, Vol. LXVII, No. 5, November, 1948, pp. 355, 358.

Housing Construction. The *kinds* of houses in which Americans live vary enormously, reflecting the wide differences in financial status, climate, local building materials, custom, taste, and other factors. Over four-fifths of our houses are made of wood. Styles range from neat Cape Cod cottages to the down-at-the-heel tenements of every city, from white-columned Southern mansions to the "Mail Order Gothic" of the Middlewest. The equipment and structure of farm housing is different from urban housing; and the homes of the poor, throughout the country, are greatly unlike those of the rich.

TABLE XVIII

SUBSTANDARD DWELLING UNITS IN THE UNITED STATES, 1947

Criterion	*Number of Dwelling Units*	*Per Cent of All Dwelling Units*
In need of major repairs	4,120,000	9.9
In need of major repairs or (in urban areas) lacking both private bath and flush toilet	6,070,000	14.6
With 1.51 or more persons per room	2,367,000	6.1
With 1 or more married couples sharing the living quarters of the head of the household	2,513,000	6.4
With rental under $20 (nonfarm tenant-occupied units only)	4,140,000	9.9

Farm Housing.[3] The best housing, according to the 1940 Housing Census, is located in the cities of the North and West; the worst on the farms of the South.[4] Southern farm dwellings required four times as many major repairs as did urban dwellings in the West; overcrowding was five times as frequent. Almost 50 per cent of our western farmhouses had running water inside and almost 20 per cent had private flush toilets. Southern farmhouses, on the other hand, possessed less than 9 and 5 per cent, respectively, of these conveniences. Electric lighting was available in only about a third as many Southern farms as in Northern ones.

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[3] *America's Needs and Resources, op. cit.*, p. 144.

[4] "The North comprises the states of North Dakota, South Dakota, Nebraska, Kansas, Missouri, Illinois, Indiana, Ohio, Pennsylvania, and New Jersey and all of the area east and north of these states. The South comprises the states of Oklahoma and Texas and all of the area east of these states and south of the North. The West comprises the states of Montana, Wyoming, Colorado, and New Mexico and all of the area west of these states." *Ibid.*

The average Northern farmhouse, built during the period of 1900–1910, was a one-family, detached frame unit with six rooms, occupied by two or three persons who owned the house. Chances were one in three that major repairs were required. There was neither running water nor a hand pump inside the house, but a water supply (not running water) was within fifty feet. There was no bathtub or shower; an outside privy served as toilet. Heat came from one or more stoves burning coal or coke, light from gasoline or kerosene lamps. The average Northern farmhouse was equipped with a radio. Cooking was done over a wood fire, and there was no refrigeration of any kind. Rental value was estimated at about $11 monthly.

The typical farmhouse in the South also was a one-family detached frame structure. Its four rooms were occupied by three persons. Although built a decade later than the Northern farmhouse, chances were two in five that it was badly run down. There was no running water, hand pump, bathtub, nor shower, nor any kind of refrigeration equipment in the house. The toilet or privy was outside, the water supply within fifty feet. Wood was used for cooking and heating, and the light was supplied by gasoline or kerosene lamps. There was no radio. The occupants were not owners but tenants. The average home rental value was about $4.00 a month.

Urban Housing. Although superior to farm housing, urban housing is far from satisfactory. In 1947, a housing survey by the Bureau of the Census indicated that about 93 per cent of occupied city homes were in good condition or needed only minor repairs, as compared with 89 per cent of the rural nonfarm dwelling units and 81 per cent of the farm homes. Approximately 4.4 per cent needed major repairs. Nearly four million homes, or 16 per cent, were without private baths and flush toilets, and almost nine million, or 36 per cent, did not have central heating plants. On the other hand, almost all city dwellings had electricity (2 per cent of the urban units did not). Furthermore, one out of every twenty urban homes was overcrowded, according to the minimum standard of 1.5 persons per room.[5]

Urban housing is by no means uniform for all sections of the country. Southern cities had poorer housing than did cities in the North and West. Generally speaking, housing conditions were better in Northeastern cities than in other parts of the country. Overcrowding prevailed in only 2 per cent of the houses in Northeastern cities, compared with 3 per cent in the North Central area, 6 per cent in the West, and 9 per cent in the South.

Less than two-fifths of urban families own their houses, while over three-fifths rent them. This low rate of ownership is due chiefly to the financial inability of the majority of families to purchase homes, as well as to the high mobility of the urban population. At the same time, many urban families prefer renting a dwelling to assuming the responsibilities of ownership. In recent years, however, urban home ownership has been increasing; in 1940, it was 39.1 per cent, as compared with 37.5 per cent in 1930.[6] In general, home ownership is in inverse ratio to the size of the city. In cities over 50,000, 31 per cent of the homes were occupied by owners.[7] Southern cities have a particularly low rate of home ownership, probably due, at least in part, to the low purchasing power of the Negro population. Not a single Southern city over 50,000 had more than one half of its families owning their homes.[8]

The housing plight of Negroes in American cities is particularly acute. Crowded together in "black belts" with a population that has been steadily increasing in most cities, Negroes have been forced to live under conditions of social degradation and physical suffering. The high mortality and morbidity rates of urban Negroes speak for the shabby dwellings in which they live. Long before the housing situation became serious in many white areas, Negroes were living in overcrowded conditions because of their enforced segregation. In Chicago, Drake and Clayton noted that Negroes were living 90,000 to the square mile as compared with the 20,000 to the square mile in adjacent white apartment-house areas.[9]

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[5] *Housing*, Series P-70, No. 1, p. 1, U. S. Bureau of the Census (Oct. 29, 1947).

[6] *Housing: General Characteristics, 1940*, Bureau of the Census, pp. 62–66 (1943).

[7] *Ibid.*, pp. 113–14.

[8] N. P. Gist and L. A. Halbert, *Urban Society*, Third Edition, Thomas Y. Crowell Co., New York, 1948, p. 473.

In 1940, the typical city house in the West, built in the years 1920–1930, was a one-family, five-room, detached frame structure, occupied by two or three persons. Its condition was far better than that of the typical farmhouse, with only one out of eleven requiring major repairs. It was equipped with running water, a private flush toilet and a private bath; was warmed with gas heaters and lighted by electricity; and had a radio. Gas was used for cooking; a mechanical refrigerator kept food fresh. The house was owned by its occupants; its monthly rental value was $27.50.[10]

The typical urban house of the South also was a one-family, detached frame structure, but had only three rooms. Although erected simultaneously with the Western urban house, chances were one in six of its being dilapidated. It was equipped with running water, flush toilet, and bath; was warmed by a stove and lighted by electricity; and had a radio, a mechanical refrigerator, and gas for cooking. The occupants rented the house, paying $19 a month.[11]

HOUSING AS A SOCIAL PROBLEM

In spite of wide publicity in the last few years by both private and governmental agencies, there is still much confusion about the nature of the housing problem. Certainly a comparison between the crude caves, huts, camps, and unsanitary towns and cities in which our forefathers lived and the shelters in which we live today would show contemporary housing to be superior in many respects. We may well ask why our ancestors regarded housing as a matter of indifference. Was it less of a problem then, or are we insisting too strongly on the evils of bad housing?

Both attitudes can be explained. To our ancestors, housing was not regarded as a serious social problem because the indirect effects of poor housing, such as disease, safety, delinquency, and welfare were little understood. The physical aspect of housing was looked upon as less of a problem because the absence of necessary material resources and methods of improvement caused people to expect very little. Today, however, with the dissemination of technical information, education, and advertising, and the acceptance of cultural and political doctrines outlining the rights which men may expect, situations which would not have been regarded as problems by our ancestors have become problems to us. So it is that today we expect that all people should have access to housing which meets certain minimum standards. Failure to achieve such housing constitutes the social problem of *housing*.[12]

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[9] St. Clair Drake, and Horace Clayton, *Black Metropolis*, Harcourt, Brace and Co., New York, 1945, p. 204.

[10] *America's Needs and Resources*, *op. cit.*, p. 144.

[11] *Ibid.*

Analyses and interpretations of housing usually vary with the special interest of each group dealing with the problem. To many people, the term "housing" means only the building of clean, sanitary dwellings for the low-income group; to others, it means a slum-clearance program or the difficulty of procuring suitable shelter within the low-income range. Still others relate the housing problem to such undesirable conditions as overcrowding, breaking-up of families, and lack of play space, privacy, transportation, and modern conveniences.

Especially among those engaged in the business of housing are definitions colored by the extent to which each one is directly involved. To the real-estate man, for example, housing means availability, rentals, property values, mortgages, land costs. The architect, engineer, builder, or manufacturer of building supplies considers housing in relation to the services or materials which he furnishes.

These physical aspects, however, are only one side of the housing problem. The social aspects are equally important; and there, too, stress is placed on different things in accordance with the interests of the person dealing with the problem. The political scientist, for example, may emphasize legal factors, taxation, zoning, or planning; the economist will bear upon the relationship between the supply and demand for housing; while the sociologist is more likely to stress such factors as population growth and movements, family and personality disorganization, delinquency, and recreation.[13]

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[12] Louis Wirth, ed., *Contemporary Social Problems*, University of Chicago Press, Chicago, 1939, pp. 25–26.

The problem of housing, however, is far too complex for any single definition. It involves both physical and social factors which are interrelated. The layman and the various experts must understand these interrelationships if they are to plan, produce, finance, and maintain adequate dwelling places that will meet the needs of the men, women, and children who compose the community.

Social and Economic Effects of Poor Housing. The low-income groups and those who are subject to racial discrimination obviously suffer the greatest hardships, hazards, and discomforts of poor housing. The indirect effects of the housing problem, which are equally important, are borne not merely by those who must live in the unfit houses, but by the whole community.

Health. The shortage of housing facilities takes its toll from the physical and social well-being of the nation as well as from its economic life. Areas of bad housing generally coincide with areas having high death and sickness rates, especially for those diseases spread by contact.[14] Public health studies have shown that poor housing is a factor in the high rates of tuberculosis, pneumonia, and infant mortality. Other conditions, however, such as poverty, absence of medical care, and hereditary defectiveness, generally go hand in hand with poor housing, so that housing per se cannot be charged with full responsibility for the high incidence of disease and death.

Family and Personality Disorganization. Tenant evictions in favor of new landlords or their relations have been a common occurrence in recent years. But only a fraction of the number of evictees are able to find permanent quarters. This often means a temporary breakdown of families. A father may be sent to one temporary shelter, a mother and children to another. Children are sometimes boarded out or placed in institutions. Many homeless persons are forced to spend nights in missions, parks, or police stations.

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[13] Louis Wirth, ed., *Ibid.*, pp. 25–26.

[14] See National Resources Committee, *Urban Planning and Land Policies*, Washington, D. C., 1939, pp. 201–205, for a statement of the extent to which housing is causally related to health and conduct.

Less tragic, but particularly conducive to personal tensions, is the fact that more American families are now living "doubled up" than ever before. In April, 1947, there were close to 4 million family groups (mostly married couples and parent-and-child groups) that were sharing the dwelling places of others.[15]

Records of social agencies are filled with cases showing the break-up of families, the deterioration of health and personality, the loss of control of children, and the development of serious behavior problems as a result of the housing shortage.

Crime and Delinquency. Accompanying overcrowding in slum areas are other social evils, for overcrowding may be as injurious to morals as it is to health. It is difficult to observe common decencies in an overcrowded tenement flat which lacks adequate sleeping and toilet facilities. Lack of play space in and about the crowded home drives the children onto streets where saloons, poolrooms, and disreputable "hangouts" are usually the only relief from squalid dwellings, factories, and junkyards. Large, unrestrained play groups spring up in which neighborhood children are early introduced to vice and crime; and, though most slum children do not become criminals, recent studies have repeatedly shown that the areas of high delinquency rates are almost always the areas of bad housing. In one Chicago slum area, one out of every four boys between the ages of ten and seventeen was brought to the juvenile court in one year. Statistics of other cities show similar excessive rates of delinquency in the slum areas.

Social Services. From an economic point of view, areas of poor housing are extremely expensive to maintain. The cost per capita of providing hospitals and clinics necessitated by disease; of providing social workers, police, courts, reformatories, and jails necessitated by excess delinquency and crime; and of providing other services, such as settlement houses, fire protection, and garbage collection, is much higher than for other sections. At the same time, tax revenues from these slum areas are disproportionately low. The direct and indirect money costs of maintaining blighted areas could well be used for the improvement of housing with all its subsequent benefits.

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[15] Paul C. Glick, "Social Aspects of Housing," *op. cit.*, p. 355.

THE NEED FOR HOUSING

Owing to the nature of the data, exact figures cannot be given for the actual number of dwellings required in the United States, nor for the costs of such a program. Various standards of necessity have been employed in calculating the housing need. However, reliable estimates agree that we must build in the neighborhood of 1,500,000 homes a year for at least ten years. The report of the Senate Banking and Currency Committee on the Taft-Ellender-Wagner Bill (S.866) proposed 1,500,000 units a year for a "sustained period"; the report of the Federal Reserve Board estimated that 1,200,000 to 1,500,000 nonfarm dwelling units a year for ten years would be required. The joint committee of the National Association of Housing Officials and the National Public Housing Conference proposed a twelve-year program for rural and nonfarm dwellings of 1,168,000 units a year.[16] The National Housing Agency estimated in 1944 that 12.6 million new nonfarm homes will be required in the next ten years; half of these will be needed for new families or for families which doubled up with others during the war shortage, while the other half will be required if we hope to eliminate, during the next decade, even half the homes that will need major repairs or that lack a private bath. This rate of replacement is fifteen times as great as any we have ever accomplished in a like period of time![17]

Hauser and Jaffe estimated the need for housing by 1960 as ranging from 18 to 22 million units, with the higher figure coming close "to conforming with the present and ever-rising American standards of living."[18] A strikingly similar estimate was arrived at by the Twentieth Century Fund, which summarizes our total housing needs and costs as follows: If we attempt a 15-year program (from 1946 to 1960) which would bring all of our housing up to standard and also provide houses for new families, we would

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[16] Lee F. Johnson, "Fifteen Million Homes," *The Nation*, May 15, 1948, Vol. 166, No. 20, p. 537.

[17] "Land Assembly for Urban Redevelopment," National Housing Bulletin 3, National Housing Agency, Washington, D. C., Dec., 1945.

[18] P. M. Hauser and A. J. Jaffe, "The Extent of the Housing Shortage," *Law and Contemporary Problems*, Duke Univ. School of Law, Durham, N. C., Vol. XII, No. I, Winter, 1947.

have to build 19,678,000 new urban and rural dwelling units and rehabilitate 5,438,000 substandard units. This means 1,312,000 new units and 363,000 rehabilitated units each year for the 15-year period. If all the new houses are built at the *minimum*-standard level, the total cost of the entire program (at 1940 prices) would amount to from 64 billion dollars to 68 billion dollars. However, given sustained high levels of employment and national income, a considerable segment of housing will be above the standard, in which case the total cost would be from 84.8 billion dollars to 86.6 billion dollars, or 5.7 to 5.8 billion dollars annually for 15 years.[19]

If these new homes are going to be provided for badly-housed Americans, the amount of money they can afford for buying or renting must be considered. A War Department survey of World War II veterans showed that, of those who wanted to purchase a home:

32% could afford $30 monthly.
54% could pay between $30 and $50 monthly.
14% could afford over $50 monthly.

Of those who wanted to rent a home:

34% could afford $30 monthly.
55% could pay between $30 and $50 monthly.
11% could afford over $50 monthly.[20]

The demand is not for just any housing. It is for *low-cost houses.* In view of the fact that over half of our nonfarm families earned less than $2,000 a year in 1939, it is obvious that the greatest need is for homes that can be purchased for under $5,000 and rented for $50 or less.

FACTORS RESPONSIBLE FOR THE HOUSING PROBLEM

Trends in Construction. The forced reduction of housing construction during World War II created a backlog of demand that, at best, will take many years to satisfy. But the acute housing problem which faces us today is more than a heritage of the war alone. It is compounded of many factors and has been gathering momentum since World War I. After World War I, there was a sharp increase in the birth rate, and through the 1920's and 1930's population increased by 25 million. During the 1920's, over 7,000,000 new dwellings were erected, or 17 per cent more units than were required to house the additional families. During the depression of the 1930's this situation was reversed. Less than 3,000,000 dwelling units were added, about a third less than required by the additional families.

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[19] *America's Needs and Resources, op. cit.*, pp. 160–167.

[20] James R. Miller, "Living Space for Americans," *'47*, June, 1947, p. 109.

During World War II there was a boom in marriages, yet housing construction was virtually suspended except for buildings to house defense workers and military personnel. Between 1940 and 1945 the defense housing program, financed by both the government and private enterprise, constructed some 1,379,000 new family dwellings, 250,000 converted units, and 169,000 dormitories.[21] With the demobilization, some 14,000,000 veterans returned to seek new homes for themselves and their families. Since war housing was located only in strategic centers, it did not alter to any great extent the unprecedented housing shortage that was developing throughout the country.

Figures showing the cumulative discrepancy between the new growth in households[22] and the number of new dwelling units constructed on nonfarm areas since 1930 are shown in TABLE XIX. (Data on housing construction are not available for farm areas.) These figures show that the increase in nonfarm households during the 1930's was nearly 2,000,000 greater than the number of new nonfarm dwelling units constructed. From 1940 to 1948 the number of new housing units constructed was less than the increase in households by another 1,800,000, making a difference of nearly 3,700,000 for the period 1930–48. The chief way in which this great disparity was accommodated was through more intensive use of previously existing living quarters, such as subdivision of units into a greater number of smaller units, continued use of units that would ordinarily have been abandoned, and a sharp reduction in the number of vacant dwelling units.[23]

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[21] Catherine Bauer, "Housing in the United States," *International Labor Review,* 52: 23 (July, 1945).

[22] The Bureau of Census defines a *household* as a family or other group of persons, or a single person, occupying one dwelling unit.

[23] Paul C. Glick, *op. cit.,* p. 356.

During these years, very little was being done to improve and modernize old homes to prevent them from going to seed. Expenditures to take care of depreciation have been computed to fall short of actual depreciation by more than 1.5 billion dollars annually between the years 1919 and 1940. Neglect has left us millions of dwelling units so deteriorated that restoration is impossible.[24]

TABLE XIX

NET INCREASE IN NUMBER OF NONFARM HOUSEHOLDS AND NUMBER OF NEW NONFARM DWELLING UNITS CONSTRUCTED, FOR THE UNITED STATES: 1930–48
(Numbers in thousands)

*Period**	*Net Increase in Number of Nonfarm Households*		*Number of New Non-Farm Dwelling Units Constructed*		*Difference*	
	During Period	*Cumulative*	*During Period*	*Cumulative*	*During Period*	*Cumulative*
1930 to 1940	4,646	4,646	2,734	2,734	1,912	1,912
1940 to 1945	3,205	7,851	2,334	5,068	871	2,783
1945 to 1948	2,766	10,617	1,861	6,929	905	3,688

* For households, dates are as of midyear for 1930, 1940, and 1945 and April for 1948; for dwelling units, all dates are as of January 1.

High Costs. Probably the most fundamental reason for the tremendous shortage of adequate shelter, especially for low-income groups, is the low economic status of a large fraction of the population. Housing authorities estimate that no more than twice the yearly income of a family should be expended on the purchase of a home, nor more than 25 per cent of their monthly income for rent, if there is to be enough left for the other necessities of life. Accordingly, a family with an annual income of $1,200 should not pay more than $2,400 for the purchase of a home, nor over $25 a month for rent. On the same basis, families with annual incomes of $800 could pay no more than $1,600 for a new home, nor more than $16.66 in monthly rent.

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[24] *America's Needs and Resources, op. cit.*, p. 151.

In 1939, the Bureau of the Census reported that nearly 5,000,000 urban families were receiving less than $1,200 annually; approximately 3,000,000 of these families received less than $800 a year, and about 2,000,000 less than $600.[25] The welfare of this group has been virtually ignored by private enterprise since, by its very nature, private enterprise must operate at a profit. The costs of modern homes are so great that it would ordinarily be impossible to build them to rent or sell at a profit for anything like these figures, even when construction costs are low.[26] Sharply increased building costs—almost double the 1939 average—and the vanishing supply of new low-priced homes have further forced the people with low incomes, including most homeless veterans, out of the housing market. In 1940, a year of fairly extensive building activity, only 1.2 per cent of the urban homes built by private enterprise were for families receiving incomes of $1,200 or less, while 76.2 per cent were for families with incomes of $2,100 or over.[27]

At the end of World War II, however, more Americans had more money than ever before—enough to buy at least the minimum standards in decent housing. But the gap between ability to pay and ever-mounting costs has forced the great majority of would-be home buyers to postpone their building plans.

What is responsible for the present stalemate in housing? An archaic building industry, inflexible building unions, rejection of new materials, wasteful methods, inflated speculative values of land, high real-estate taxation, burdensome financing costs, restrictive building codes and obsolete zoning ordinances—all these factors contribute to excessive costs and continuation of the shortage. Other factors involved in the housing problem are inadequate transportation facilities, poor planning and construction of buildings, selfishness and shortsightedness of landlords and building industries, ignorance and carelessness of tenants, defective sanitation, lax law enforcement, and public indifference. Let us consider the major factors.

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[25] *Population: Family Wage or Income, 1939,* Bureau of Census, p. 7 (1943).

[26] N. P. Gist, and L. A., Halbert, *op. cit.*, p. 480.

[27] Nathan Straus, *The Seven Myths of Housing,* Alfred A. Knopf, Inc., 1944, New York, p. 10.

The Building Industry. The building industry is a chaotically organized amalgamation of many trades and tradesmen, rather than an integrated business enterprise. (See TABLE XX.) Before reaching the site, materials (which amount to over 45 per cent of the total construction cost) are handled by the jobber, the wholesaler, and the retailer, each at a worthwhile profit to himself.

TABLE XX

WHERE DOES THE HOUSING DOLLAR GO?*
Cost of House and Land

Cost of materials at site			
Cost of manufacture	20.9	Delivered price 45.7%	
Cost of distribution	14.8		
Cost of transportation	3.9		
Combined profits	6.1		
Cost of site construction labor			29.5
Contractor's and subcontractor's overhead and profit			12.3
Value of unimproved land (including profit on land)			7.0
Cost of land improvements (including profit on improvements)			5.5
Capital cost			100.0

* House-building can be separated into the following steps: (1) acquisition of land; (2) planning the land to accommodate a housing operation; (3) improvements of the land through installation of roads, sewers, and water, gas, and electrical facilities; (4) design of the dwellings and selection of materials and equipment, i.e., the preparation of drawings and specifications; (5) financing the building operation (as distinct from financing the purchase of the completed product); (6) purchase of materials and equipment; (7) employment of labor; (8) assembly and installation of materials and equipment to make the finished house (Twentieth Century Fund).

SOURCE: Univ. of Chicago Round Table, pamphlet 462, Jan. 26, 1947.

This lack of integration is a very real barrier to building efficiency and low costs. One organization buys land, another manufactures materials, another handles finances, another supervises construction, and many others engage in particular phases of construction. Each group is organized around a separate core, and each, in looking to its particular interests, has contributed to the monopolies, restrictive practices, rackets, padded costs, and "featherbed" operations which have so inflated building costs. The small contractor cannot save on material costs by buying in volume; he cannot afford expensive, labor-saving machinery; and he is unable to experiment with new methods or materials that might reduce building costs.

Faced as it was with a tremendous and certain market at the end of World War II, the building industry, instead of reorganizing its methods, adhered, by and large, to its antiquated ways. Under traditional housing practices, the number of new buildings, heretofore supplied to the upper-income third of our people, is not only too small to provide anything like a reasonable standard of housing for the population as a whole, but is also too small to permit continuous high levels of activity in the industry itself. While the public suffers from lack of housing, the industry suffers from limited employment or nonemployment and severe cyclic swings.

Labor. In an era of newly developed products and labor-saving machinery, the building trade unions cling to their antiquated rules of apprenticeship, indulge in work-spreading practices, balk at time and labor-saving devices, and demand higher hourly wages. Primarily, this is the result of an effort to compensate for the months of unemployment caused by the seasonal nature of construction work. Construction workers are apt to work only 150 to 175 days even in a normal year.

There has been considerable talk about guaranteeing workers a stable annual income. The public need for a steady supply of new housing priced to suit various income levels makes the time ripe for putting housing on a modern production basis with month-by-month and year-by-year continuity. Before this comes to pass, however, leaders of the building industry and of government will have to do a great deal toward streamlining the chaotic workings of the building industry as a whole.

In November, 1947, the building unions (AFL) took a significant step in approving the use of prefabricated housing. Prior to this, union opposition and the requirements of city building codes—demanded by the unions—have kept prefabricated homes out of most American cities.

Building Codes. Before wasteful practices of the building industry can be eliminated, outmoded building codes will have to be revised. In principle, building codes are a good thing. Their purpose is to provide structurally safe, well-constructed buildings, protected against fire, weather, and disease. The difficulty is, however, that ordinances originally intended to establish standards of safety and sanitation have frequently become a protective "front" for entrenched labor and materials. Most codes simply perpetuate traditional methods of construction. Many of them have been written to provide a market for influential manufacturers. Sometimes they bar out-of-state materials in favor of other less desirable, but locally produced, materials.

Inflexible codes prevent the use of many new materials which meet the toughest requirements, or the discard of old materials which have become structurally unnecessary. Obsolete local ordinances make little or no provision for modern large-scale community planning and zoning. Because of these weaknesses, many people are advocating a complete change from the listing of specific building materials and procedures to a set of principles to serve as guides rather than restrictions.[28] A move toward the improvement of our physical housing standards is being made by research groups which are devising a code based on simpler standards and discarding excessive requirements of safety. Local housing ordinances, as a rule, are inadequately enforced, and too often fail to cover standards of operation and overcrowding. Even the most obvious minimum standards of fire safety or sanitation frequently depend for enforcement upon the efficiency of an official rather than upon habitual policy.[29]

Zoning Ordinances. Out-of date zoning ordinances usually accompany an obsolete building code, and changes in either are fought by those who profit from the *status quo.* Improper zoning generally results in the artificial inflation of property values. This is true of Chicago, which is overzoned for commercial and industrial property and underzoned for one-family dwellings. The result is that large areas of blighted residential properties are held by owners who hope to sell them for commercial, industrial, or other high-income uses. These owners usually do not maintain their residential properties in decent condition and, since they ask such high prices for the land, successful development by private or public funds for residential purposes becomes extremely difficult. Most important, areas which should not be used for housing because they are functionally unfit and not suitable to the desirable development of the whole community are being used for residential buildings, or are even being rebuilt.

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[28] Ira S. Robbins, *op. cit.*, p. 99.

[29] Bauer and Crane, *op. cit.*, p. 138.

Reducing the Costs of Home Ownership. One of the major items in the cost of urban homes is the high cost of land, much of which is inflated far above its intrinsic value. The National Housing Agency estimated that land and improvements account, on an average, for approximately one-eighth of the total cost of the completed home.[30] The cost of capital, that is, of interest, is another important factor in the cost of home ownership.

Savings in construction costs, land costs, taxation, and financing could bring decent new shelter within reach of that large middle-income group which, though capable of paying moderate rentals, is compelled to pay it for run-down, obsolete shelter. Reductions of 20 per cent in financing costs and 20 per cent in construction costs—both of which are considered possible—would lower the monthly carrying charge on an average home by 30 per cent.[31]

In the meantime, the cost of housing is suffering from enormous increases in costs of maintenance, building materials, land, and operating costs. The commercial landlord escapes the full weight of these costs because he is assured a steady income from his properties, with little loss from vacancy or turnover. But the ordinary home-buyer anticipates little relief, except for a small reduction of financing charges.

Prefabrication. When, in 1940, unprecedented large-scale migrations flowed into centers of war industry, acute housing shortages became a serious factor in the defense program. The Federal government helped to alleviate conditions by providing shelter quickly and cheaply for thousands of workers. This was accomplished in part by fostering mass-production techniques, including factory production, assembly-line methods, and field fabrication. By 1942, however, materials had become scarce, and costs were going up while quality suffered. As large-scale building slowed down, assembly-line methods and prefabrication naturally suffered setbacks.

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[30] Cited in Dorothy Rosenman, *A Million Homes a Year,* Harcourt, Brace and Co., New York, 1945, p. 80.

[31] See Robert Lasch, "Breaking the Building Blockade," *The Atlantic Monthly,* February, 1945, p. 83.

Without volume, costs could not be reduced; and volume was impossible as long as houses were priced out of the mass market.

Today there are various degrees of prefabrication. One type is that in which the whole shell of a house is factory made and shipped to the site, then speedily reassembled. Prohibitive shipping costs are a serious handicap to this method.

"Site" prefabrication is another method which uses an assembly-line technique in cutting and forming the main wall, floor, and roofing units of a house. This type of construction is especially practical for large-scale builders. Some big "operative builders"[32] have incorporated site prefabrication in large-scale projects.[33] Houses built under this method do not reach the great low-income market since they sell in the $5,000 to $10,000 range, with most of them in the upper figures.

The third type of prefabrication is manufacture of one-piece kitchen or bathroom units. To date, prefabricators have been caught in a vicious circle. Production is impossible without making enormous investments, and these are not likely without a sure market. The extent of their ability to relieve the housing shortage remains to be seen, now that the union ban on prefabrication has been lifted. Manufacturers of prefabricated houses testified that they could save buyers about $1,200 on a house, but union spokesmen contend that costs will be about the same for prefabricated houses as for those erected on the site. At any rate, prefabrication at present prices does not help those who need housing help most of all.

Widespread use of cost-reducing techniques of production might make it possible to reach a new high level of houses built annually for a widening market. However, the residential building business, as presently constituted, gives no indication that such techniques will be employed to the extent necessary to provide low-cost houses for all who need them.

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[32] These are the men who purchase large tracts of raw land, subdivide and improve it, erect new houses on it, and then sell houses and land together, usually several hundred at a time.

[33] David Bohannon, outstanding among these builders, erected 1492 stucco bungalows in California. The first 633 were put up at the rate of one every 45 minutes! See "Big Dave Bohannon," *Fortune*, Vol. XXXII, No. 4, April, 1946, p. 145.

MINIMUM HOUSING STANDARDS

Before any large-scale housing program can proceed, some criteria of what constitutes "adequate" housing according to our present-day concepts must be established. No single standard can apply to all our housing, since factors of climate, location in urban or rural areas, and specific geographic placement each pose different requirements. Nevertheless, various qualitative national standards of housing have been formulated. These standards consider not only the purely structural aspects of a building but also the intangibles of amenity and livability.

It is generally agreed that the factors which qualify a dwelling unit as unfit or substandard are the absence of sanitary facilities, unsafe or extremely obsolete condition of the structure, overcrowding, and the presence of extra families. Some kind of minimum housing standard has been established by practically every community; hence, all agencies who undertake to construct a building must comply with codes and laws of a restrictive nature. These codes usually control the use of building materials and provide for safety, light, air, and sanitation in structures of all kinds.

Though heretofore legislation has not fully recognized the importance of social factors, various public agencies have established standards for light and air, room sizes, facilities for sanitation, occupancy, and community requirements, as well as specific construction requirements.[34] In the United States Housing Act of 1937, Congress outlined the principle of minimum standards, establishing those requirements which represent a minimum of decent, safe, and sanitary housing, and emphasizing such social factors as the community and environment, inclusion of recreational facilities, and easy accessibility of schools, parks, and playgrounds.

Some of the most detailed standards have been prepared by the Committee on the Hygiene of Housing of the American Public

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[34] "Minimum Construction Requirements" have been published for each FHA insuring office. These vary from one section of the country to another. The Federal Public Housing Authority now administering the U. S. Housing Act 1 has issued standards to be followed in public housing projects: "Minimum Physical Standards and Criteria for the Planning and Design of FPHA aided Urban Low-Rent Housing," November, 1945. (From *America's Needs and Resources*, p. 159.)

Health Association.[35] These are designed as "fundamental minima required for the promotion of physical, mental, and social health, essential in low-rent as well as high-cost housing, on the farm as well as in city dwellings." The basic principles underlying these standards are:

A. Fundamental Physiological Needs
  1. Maintenance of thermal environment which will avoid undue heat loss from the human body.
  2. Maintenance of a thermal environment which will permit adequate heat loss from the human body.
  3. Provision of an atmosphere of reasonable chemical purity.
  4. Provision of adequate daylight illumination and avoidance of undue daylight glare.
  5. Provision for admission of direct sunlight.
  6. Provision of adequate artificial illumination and avoidance of glare.
  7. Protection against excessive noise.
  8. Provision of adequate space for exercise and for the play of children.

B. Fundamental Psychological Needs
  9. Provision of adequate privacy for the individual.
  10. Provision of opportunities for normal family life.
  11. Provision of opportunities for normal community life.
  12. Provision of facilities which make possible the performance of the tasks of the household without undue physical and mental fatigue.
  13. Provision of facilities for maintenance of cleanliness of the dwelling and of the person.
  14. Provision of possibilities of esthetic satisfaction in the home and its surroundings.
  15. Concordance with prevailing social standards of the local community.

C. Protection Against Contagion
  16. Provision of a water supply of safe sanitary quality, available to the dwelling.
  17. Protection of the water-supply system against pollution within the dwelling.
  18. Provision of toilet facilities of such a character as to minimize the danger of transmitting disease.

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[35] *Basic Principles of Healthful Housing*, 2nd ed., American Public Health Association, New York, 1939.

19. Protection against sewage contamination of the interior surfaces of the dwelling.
20. Avoidance of insanitary conditions in the vicinity of the dwelling.
21. Exclusion from the dwelling of vermin which may play a part in the transmission of disease.
22. Provision of facilities for keeping milk and other food undecomposed.
23. Provision of sufficient space in sleeping rooms to minimize the danger of contact infection.

D. Protection Against Accidents

24. Erection of the dwelling with such materials and methods of construction as to minimize danger of accidents due to collapse of any part of the structure.
25. Control of conditions likely to cause fires or to promote their spread.
26. Provision of adequate facilities for escape in case of fire.
27. Protection against danger of electrical shocks and burns.
28. Protection against gas poisoning.
29. Protection against falls and other mechanical injuries in the home.
30. Protection of the neighborhood against the hazards of automobile traffic.

HOW CAN WE GET HOUSING?

If adequate housing is to be provided for all American families—and that means enough homes to overcome the present shortage, keep up with the increase in families, and replace the slums—we will have to engage in an unprecedented all-out attack on the problem. The failure to alleviate the housing shortage is not simply a production problem. Certainly our wartime records prove that we have the ability to produce the homes we need if only we are determined to do it. As for the cost, the maximum expense of achieving a slumless America would not be more for a year than the expense of World War II was for three days.[36] The basic reason for the lack of really effective action is our failure to resolve a conflict between ideologies, a conflict concerning whether housing for America can best be achieved (1) by private enterprise alone, (2) by government alone, or (3) by private enterprise and government working together.

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[36] Charles Abrams, "A Plank in a Platform," *The Nation*, Vol. 166, No. 20, May 15, 1948, p. 548.

Government vs. Private Enterprise. Until recent years, building in this country has been exclusively in the hands of private enterprise. Now, in the worst housing crisis in our history, we may ask: How much can we expect private enterprise to do by itself? Judging by the record, the building industry in its very best year—1925—made over 900,000 starts on nonfarm homes. After that, production declined to a low of 225,000 in 1935, then slowly rose to 700,000 by 1941. Today we need a steady annual production, for at least fifteen years, of approximately 1,500,000 new dwellings. But in 1947 only about 835,000 permanent homes were completed, which hardly covers the net increase in families during the same period, let alone making up arrears. Thus the current building rate needs to be just about doubled.[37]

The building industry, as presently constituted, can reach only the 30 to 35 per cent of American families with the highest incomes, even in a period of full employment and moderate costs. One argument of private enterprise "boosters" is that sufficient housing progress can be achieved by building solely for the upper third of our families and letting the older dwellings "filter down" to the lower-income classes. As the upper-income families evacuate their old houses, so the theory goes, rent or sales prices will depreciate to a level that the middle and low-income groups can afford. In practice, however, there is never enough decent hand-me-down housing to take care of more than a fraction of the middle groups, while almost none ever reaches the lowest-income families. During the past decade there was such a shortage of good second-hand houses that prices did not decline very far below their original value, and during the postwar period, most of the old houses were selling at prices far above their original cost. While the filtering-down process may operate to a limited extent in alleviating the shortage, it has only served as the traditional method of providing low-income families with inferior housing.

On the basis of economic facts and the performance of private enterprise in the construction of homes, it is evident that private enterprise alone cannot and will not provide adequate housing for all income groups. If decent housing is to reach all American families, it appears that the production of the speculative builder needs to be supplemented by nonspeculative private housing in various forms and by public housing for the people who cannot get homes in any other way.

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[37] Catherine Bauer, "Freedom of Choice," *The Nation*, Vol. 166, No. 20, May 15, 1948, p. 533.

Public housing invariably implies some form of subsidization; this means that part of its cost is paid by the taxpayers rather than by the occupants. One type of proposed subsidy is "rent relief," in which a family is given a certain sum each month for securing a better dwelling place. Most housing authorities reject this plan, because it makes no provisions for slum clearance and because landlords would probably increase the rents up to the tenants' ability to pay, leaving the low-income families no better off than before. Another form of subsidy is financial assistance, by Federal, state, or local governments, to corporations which engage in slum-clearance and home-building projects. This assistance is usually rendered indirectly through tax concessions, low-interest loans, or other special advantages. In return, the company may agree to construct homes according to certain specifications or to rent them at designated rates. In 1946, for example, Missouri enacted a law granting partial tax relief for twenty-five years for life insurance companies engaged in slum-clearance projects in St. Louis. By 1947, similar laws were in effect in Illinois, Kansas, Kentucky, Maryland, Michigan, New York, and Wisconsin.[38]

The third type of subsidy is that in which the government either builds and operates low-rent housing projects or provides financial grants and loans to local communities engaged in such projects. This principle of subsidization is comparatively new as applied to housing; but in other fields, such as education and agriculture, it has operated successfully for some time. It should be noted that public housing for low-income families has been widely accepted in most European countries; but it was not until the depression of the 1930's that such a program was undertaken in the United States, and then only on a comparatively small scale.[39]

Recognizing that housing includes all housing, whether for rich or poor, authorities agree that there is a place for both public housing and private enterprise in furnishing an adequate supply of dwellings that will meet the needs of all the economic groups in a community. A housing program for America should include the construction of approximately 15,000,000 new urban and rural homes by 1960; clearance of all slums; repair, modernization, and proper maintenance of dwellings that are fit for habitation. In this program there is ample scope for every legitimate interest, private and public. Where private enterprise has been functioning with reasonable success there should be no competition with public housing which is planned for families in the low-income brackets. A problem which has received scant attention is the problem of adequate housing for those who have no incomes.

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[38] N. P. Gist and L. A. Halbert, *Urban Society*, *op. cit.*, p. 483.

[39] *Ibid.*, p. 484.

Some attempts to furnish decent housing for middle and lower-middle income families have been made by private enterprises and philanthropic agencies. Important among these are the following:

1. *Limited Dividend Housing Projects.* These are financed by philanthropic or semiphilanthropic capital. Under this plan (sometimes labeled "philanthropy and 5 per cent"), suitable homes for those with limited incomes are built and operated on the principle of limited profits. A number of housing projects combining the principle of cooperative ownerships with limited dividends have been erected in New York City, Newark, Bayonne, Boston, Chicago, Cincinnati, and Pittsburgh. Notable examples of model apartments for Negroes are the Paul Lawrence Dunbar Apartments in New York City, erected by the Rockefeller interests, and the Michigan Boulevard Garden Apartments, built by the Julius Rosenwald Fund.

2. *Cooperative Apartments.* The first notable instance of cooperative housing in this country was the 16-family apartment building constructed in Brooklyn in 1917 by a group of Finns. In 1927, the United Workers' Cooperative Association in New York City completed a housing project with 339 apartments. At the same time, the Jewish National Workers Cooperative Homes Association erected three cooperative units with facilities for nearly 400 families. These apartments are rented to members of the association at considerable savings. The Amalgamated Clothing Workers erected two large cooperative apartments in New York City, both of which are

models of design and construction and have extremely reasonable rentals. These projects, accommodating 626 families, include retail stores, an auditorium, library, nursery, playground, and tea room, all operating on a cooperative basis.

Since the end of World War II, some veterans have banded together for the purchase of cooperative housing projects. The high cost of these projects, however, prevents most veterans from securing decent shelter through such cooperative effort.

Europe, on the whole, has had more success with cooperative apartments. In Stockholm, Sweden, the government spent about $90,000,000 between 1926 and 1940 to aid better urban housing, and about 15 per cent of the population of Stockholm lived in these cooperatives. Loans up to 90 per cent of the cost of small homes for the working class were made by the city. These homes, located chiefly in the suburbs, provided for over 50,000 persons at a lower cost than any other housing program attempted in Europe.[40]

3. *Industrial Housing.* Many experiments in industrial housing have been made by capitalists who attempted to provide housing facilities for their employees. The housing thus provided by industrial concerns is not necessarily model housing, nor is it philanthropic, though both factors have been present. Many companies located in undeveloped areas were forced to provide homes for their employees because of the lack of accommodations. The earliest examples of industrial housing were the cotton and woolen mill towns, dating back to the beginning of the nineteenth century, and the mining camps. A third example of industrial housing that was prompted by necessity is that produced by the decentralization of industry into satellite cities. In order to provide a nucleus of workers near the plant or factory, industries have provided made-to-order towns, like Pullman, Illinois, and Gary, Indiana, or have built rows of company houses. While some industrial housing is clearly exploitative in character, giving the employer control of the labor situation, in the majority of cases the motive for housing of workers seems to be enlightened self-interest.[41]

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[40] Harry Elmer Barnes, *Society in Transition*, Prentice-Hall, Inc., New York, 1940, p. 528.

[41] Maurice Davie, *Problems of City Life*, John Wiley and Sons, Inc., New York, 1932, pp. 157–168.

Excessive paternalistic control is a danger inherent in the company town, but there have been some reasonably successful experiments in this country. On the other hand, the typical company town maintained by some mining and textile industries presents a picture of substandard dwellings for workers, high rents, few of the amenities of ordinary living, and generally inadequate surroundings.

4. *Tax Exemptions.* For the duration of a twenty-year period, these were granted by New York (in compliance with the Housing Act of 1926) to apartments erected prior to 1937, provided that they conformed to the building standards and rental schedules set forth in the law. By 1937, 5,896 apartments were constructed.[42]

One of the most successful efforts of private business in this country is the housing program of the Metropolitan Life Insurance Company.[43] Following the passage of legislation in 1938 by New York State permitting insurance companies to invest up to 10 per cent of their assets in moderate rental housing, Metropolitan, in 1939–41 built Parkchester, a $50,000,000 community in New York City's Bronx. It is the world's largest integrated housing project. Occupying 129 acres, it has fifty-one buildings, housing 35,000 residents in 12,272 two- to five-room apartments. The average monthly rental is less than $15 per room.

Metropolitan was also the first to undertake slum-clearance building under New York's Redevelopment Companies Law of 1943, which aims to attract private capital to the rehabilitation of blighted areas. This law permits municipalities to condemn substandard property, acquire it "at fair prices," and sell it to the redevelopment company at cost. The law also provides certain tax exemptions and limits return on invested capital to 6 per cent. The company has planned three additional projects for New York City—Stuyvesant Town, Riverton, and Peter Cooper Village—which when completed will provide living quarters for some 34,000 persons. Other projects in Alexandria (Virginia), Los Angeles, and San Francisco, built in the period of 1941–45, contain 6,835 dwelling units. Altogether, the company's housing investments total about $200,000,000 and a 4 per cent net profit on invested capital. It has few investments that net as much.

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[42] H. E. Barnes, *op. cit.*, p. 534.

[43] "Metropolitan Life Makes Housing Pay," *Fortune*, Vol. XXXIII, No. 4, April, 1946.

This program, though eminently successful, does not offer a general private-enterprise solution to the housing problem. Most private builders lack the tremendous resources necessary for such operations. Some other insurance companies are beginning similar programs; but the combined efforts of the largest of these would increase America's total dwelling units by only about 200,000. The greatest need is for homes costing less than even the largest private builders can put up under present conditions.

Public Housing. Until 1933 public efforts to ameliorate the housing situation in the United States—except for an attempt of the Federal government to provide homes for workers in the war industries between 1917 and 1919—were merely of a preventive or restrictive nature. The first tenement-house law was enacted in New York City, in 1867. It forbade cellar apartments unless the ceiling was at least a foot above the ground, and required one water closet or privy for every twenty persons. Beginning with the sweeping Tenement House Act passed in New York City in 1901, there were enacted by state legislatures a whole series of statutes to prevent unsafe building, insanitary conditions, and land overcrowding.

PWA Housing Program. The first home building program for low-income families was begun in 1933 under the auspices of the New Deal. The Public Works Emergency Housing Corporation was authorized to undertake the construction of housing projects in selected cities as requested by responsible local agencies. Subsequently, a number of states and municipalities enacted legislation creating housing authorities that would meet the standards of the Federal government. The PWA made loans and grants to these agencies for building low-rent houses and clearing slum areas. Between 1933 and 1937, fifty low-rent projects, costing approximately $130,000,000 and housing some 22,000 families, were constructed.

The projects, located in thirty-six cities, varied in size from buildings accommodating less than 100 families to developments with more than 1,000 dwelling units. Operating and maintenance costs were met partly by rental money and partly by government subsidy. In 1939, the average base rent (including water) for 47 projects was $18.17 a month per dwelling unit. As family incomes increased during the war years, rentals were raised, but they still remained well below the market levels. In 1945, average gross rents, including utilities, ranged from approximately $27 to $30. In 1942, all the PWA projects were transferred to the jurisdiction of the Federal Public Housing Authority. Most of them are leased to local housing authorities, but projects located in cities without local authorities are operated by FPHA managers.

Probably the chief objection to the dwellings erected by the PWA was the relatively high cost of construction, which averaged $5,927 per dwelling unit and almost $1,700 a room. This was due to the use of expensive land, resulting from concentration in slum areas, and to what has been called a "mania for durability."[44]

The USHA Housing Program. As the housing program took shape, the need for government-aided local dealings with housing problems became apparent. In 1937, a permanent agency, the United States Housing Authority, was created to take over the control of Federal housing projects. Whereas the PWA programs were initiated primarily for the relief of unemployment and only secondarily to provide decent housing facilities, the chief objective of the USHA was the clearance of slums and the construction of homes for families with low incomes. The USHA erects no buildings itself, but assists and encourages local municipal and county housing authorities (numbering approximately 264 in 1940) to do so with the aid of loans and grants. The legislation also provided that, for every dwelling unit erected, at least one unfit slum dwelling be eliminated. In February, 1940, all but ten states of the Union had passed state housing acts under this program. Under the provisions of the Housing Act, a fund of $800,000,000 was made available to be used for loans to local authorities. The USHA was authorized to make loans up to 90 per cent of the cost of a housing project. In addition to the loan (to be repaid in sixty years), the local authority may receive annual grants or subsidies in order to maintain rents low enough for the rehoused groups.

Between 1937 and the end of 1945, the USHA had authorized construction of 193,133 dwelling units. By 1945, the USHA, which was renamed the Federal Public Housing Authority in 1943, had commitments for $907,000,000 of which $736,000,000 had been advanced for construction. As part of the slum clearance program, 102,000 substandard dwellings had been eliminated by 1945.[45]

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[44] *American Housing,* The Twentieth Century Fund, Inc., 1944, p. 277.

The average development cost of FPHA dwelling units, including costs of land, purchase and demolition of slum building, and construction and equipment, was $4,649.[46] The average cost of construction per dwelling unit ranged from $3,631 for cities of over 500,000 population to $3,072 in smaller cities. The FPHA houses have thus been built at a cost of about $1,000 less than the cost of the PWA projects, and, according to Nathan Straus (USHA administrator from 1937 to 1942), about $500 less than the cost of comparable structures put up by private speculative builders during the same years.[47] These economies have been achieved largely as a result of large-scale operations, plus the use of cheaper land and more economical materials and construction. To meet the difference between expense and rentals, an estimated subsidy of about $15 a month per family (over $12 from the Federal government, the rest from the local community) is required, although with the increase in rentals during the war years the subsidy was considerably less.

The average "shelter rent" (not including utilities) for FPHA dwellings in February, 1942, was $12.61 per month, and $17.69 with utilities. The average annual income of tenants at this time was $823. A little more than half the tenants had incomes below this amount, 25 per cent earned $800 to $1,000, and about 25 per cent earned $1,000 and more.[48] By 1945, the median income of families living in the projects had climbed to $1,565, and the median gross rental was then adjusted to $27.45.[49] If and when incomes decline, rentals will be reduced accordingly.

There has been considerable opposition to this government-owned housing, especially among real-estate owners and brokers, based on the fear of government competition with private enterprise as well as of increased taxes on privately owned real estate due to widespread tax exemptions. Most of this opposition has proven groundless. In the first place, the projects are built by private contractors who bid competitively for the jobs. To be sure, FPHA housing has, in some places, competed with inferior housing of similar or higher rentals. Public housing projects, however, have apparently prompted considerable renovation of adjacent areas, and many examples can be found of successful public and private developments existing side by side. To offset the opposition caused by loss of taxes to the local communities, a revision of the original law requires that a specified sum be paid the local community, in lieu of taxes, toward the cost of municipal services. Furthermore, public housing projects, by correcting unsafe and insanitary conditions, may effect actual savings to the municipal budget. Finally, since the housing being built by private enterprise is far beyond the means of the lower-income families, low-rent public housing can hardly be considered competitive.

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[45] *Annual* Report, National Housing Agency, U. S. Government Printing Office, Washington, D. C., 1945, pp. 220, 231.

[46] *Ibid.*, p. 230.

[47] Nathan Straus, *The Seven Myths of Housing*, Alfred A. Knopf, New York, 1944, p. 99.

[48] *American Housing, op. cit.*, p. 281.

[49] *Annual Report*, National Housing Agency, 1945, *op. cit.*, p. 224.

Other Federal Housing Programs. After the depression struck this country, many home-financing institutions were left bankrupt. The Federal Home Loan Bank Administration, established in 1932, was the first of the government's home-financing projects. Irving Brant has summarized the agencies administered under its authority as follows:

(1) Twelve regional Federal Home Loan Banks, which furnish a credit reserve for banks, insurance companies, building and loan associations and cooperatives, advancing money to them on home-mortgage collateral.

(2) The Federal Savings and Loan System, which charters and supervises Federal savings and loan associations, and also grants Federal charters to approved state-chartered associations. The principal effort is to establish sound mortgage practices on terms beneficial to home owners.

(3) The Federal Savings and Loan Insurance Corporation, which insures investments in Federal savings and loan associations and affiliated state-chartered bodies up to $5,000 for each individual

investor. The effect is to bring investment money into the housing field and to induce the building and loan associations to accept Federal supervision.

(4) The Home Owners' Loan Corporation (HOLC), which, from 1933 to 1936, refinanced more than a million distressed mortgages, but which no longer makes loans, being now engaged only in servicing those already made and in managing properties acquired through foreclosure. Its original loans totaled 3.1 billion dollars. From two-thirds to three-fourths of the borrowers are expected to pay out.[50]

In 1934, the Federal Housing Administration (FHA) was created for the purpose of insuring loans made by private loan agencies to persons desiring to build new homes or modernize old ones. The FHA also set up both price and minimum construction standards for the enterprises it guarantees. Through its activities in reducing interest charges and discouraging questionable lending practices, such as short-term and second mortgages, which had threatened the stability of private home ownership, the FHA provided a stimulus to home building among the middle- and upper-income families. Between 1934 and 1945, FHA-insured home loans totaling nearly 9 billion dollars were issued to nearly 7,000,000 families.[51]

In addition, several efforts have been made to help alleviate the financial problems of farm housing; but, in the main, these have been incidental to the larger problem of agricultural rehabilitation. Under the Farm Credit Administration, formed in 1933, loans may be made for buildings that improve farm property. In 1935, the Resettlement Administration—later the Farm Security Administration—was authorized, among other things, to finance farm homes and other needed buildings through long-term loans. It also undertook the development of garden-city communities for urban workers. Three so-called "Greenbelt" towns were completed near Washington, D. C., Cincinnati, and Milwaukee. These complete new suburban towns were laid out along advanced city-planning principles, and included not only well-designed houses but also appropriate service and recreational facilities.[52]

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[50] Irving Brant, "New Chapters in an Old Story," *Survey Graphic*, February, 1940, pp. 80–81.

[51] *Insured Mortgage Portfolio*, Fourth Quarter, Federal Housing Administration, Washington, D. C., 1945.

Wartime Housing. The necessity for providing dwellings for workers in war industries not only resulted in a considerable addition to the housing supply but also brought about the long-needed consolidation of Federal agencies concerned with housing. In 1942, for the first time, all governmental activities in the urban housing field were consolidated into one over-all *National Housing Agency.* Three agencies comprised its principal units: The Federal Housing Administration, the Federal Home Loan Bank Administration—both of which dealt primarily with private home construction and financing—and the Federal Public Housing Authority (which includes the former USHA) dealing with publicly built and financed housing. The FPHA was responsible for providing public housing for war workers where private enterprise was unable to do the job. During the emergency, the FPHA was not required to eliminate equivalent numbers of slum dwellings nor to accept only low-income families as tenants in its war housing projects. The Lanham Act, passed in 1940 and subsequently amended, provided 1⅓ billion dollars for war housing, much of it as special loans to private builders engaged in large-scale projects.

The use of simple materials and prefabricated parts, new methods of material distribution, and reduced standards for dwellings built under wartime appropriations resulted in lower average costs than those previously obtained by public housing agencies.

Much of this housing is temporary, erected with little regard for orderly city planning, and sometimes without adequate utilities, schools, and transportation. Many of the public housing units, however, are in projects which are integrated communities in themselves; shopping centers, recreational and dining facilities, clinics, and other equipment are provided in the projects where these are not otherwise available.

Housing Act of 1949. An important step in a large scale, long range Federal program for public aid to housing was taken when the National Housing Act of 1949 was adopted after similar measures had been blocked in previous sessions. It includes Federal loans, grants, and subsidies to urban and rural housing programs to be administered by the local communities themselves, and encourages maximum assistance from private enterprise. Its main provisions are:

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[52] See R. G. Tugwell, "Housing Activities of the Resettlement Act," *Housing Yearbook,* 1936; T. B. Augur and W. H. Blucher, "The Significance of the Greenbelt Towns," *Housing Yearbook,* 1938, National Association of Housing Officials, Chicago.

(1) A five-year slum clearance program under the Housing and Home Finance Administration in which the Federal government puts up $1,000,000,000 in loans and $500,000,000 in grants to assist communities in the purchase, assembly, and preparation for redevelopment of blighted area properties. The redevelopment itself is to be accomplished mainly through private financing. To qualify for aid local communities must undertake positive programs for reducing housing costs through adoption of modern building codes and elimination of restrictive building trade practices. They also must try to prevent the spread or recurrence of slums and blighted areas through modernization of codes and regulations relating to land use, and adequate standards of health, sanitation, and safety for dwelling accommodations. They must make provision for the rehousing of persons displaced by the program.

(2) Amendments to the Federal low-rent public housing program serving low-income urban and rural nonfarm families as provided for in the U. S. Housing Act of 1937, designed to provide a maximum of 810,000 new dwelling units in the first six years. These amendments increase the per room building cost limits set by the 1937 Act, raise the income restrictions for large families, give special preference to low income veteran families and to other families in order of greatest need. The low-rent housing program is to be handled by local authorities. Capital funds for the projects are to be obtained from private investors, with provision for temporary interim Federal loans to the communities until the required bonds can be issued. The Public Housing Administration is authorized to make these loans and also to grant annual subsidies to make up the difference between the fixed-level rental income and the operating costs of the private investors; these contributions can run

for a period of forty years with an estimated maximum total cost of $308,000,000.

(3) The Housing and Home Finance Administrator is authorized to conduct a program of housing research designed progressively to reduce housing costs and increase the production of better housing. He is also required to make available to industry and the general public necessary data on housing needs, demand, and supply.

(4) A farm housing program under the direction of the Secretary of Agriculture providing loans and, in some cases, grants, to farm owners who are unable to finance the improvement or rehabilitation of substandard farm dwellings. Also liberal credit is provided for enlarging and improving potentially adequate farms whose owners are unable to secure loan assistance through regular commercial channels. The Secretary of Agriculture is further authorized to cooperate with the Housing and Home Finance Administrator in a program of research for the improvement of farm dwellings and other farm buildings. The Federal commitment is estimated at $325,000,000.

The Unsolved Housing Problem. The housing experience of the United States as of most other advanced industrial, urban countries, demonstrates that individual effort alone cannot provide all of the people with adequate homes. Some forms of public intervention and public aid are indispensable. These specific forms of public aid differ for the various income groups. The upper income groups are obviously in the best position to provide themselves with suitable housing, although they too can benefit from the planning, research, local control, insurance and low-interest loan features of a housing program such as is embodied in the National Housing Act of 1949. The middle-income groups require more extensive aid, and would be particularly aided by public intervention which would make their home-purchasing or rental dollar give greater returns in the form of better quality of housing than purely competitive conditions are likely to provide. In the case of low income families, however, public housing supplemented by public aid to enable them to pay an economic rent without impairing their standard of living in other respects is clearly indicated.

The extent to which the public intervention and aid are necessary depends upon the general economic conditions of the country and upon the state of the housing industry. If in the next few years the income levels of the American people should rise and the cost of home building should decline substantially, the scope of private enterprise would be correspondingly enlarged and financial aid from public sources would probably be contracted.

Aside from direct and indirect public aid, however, the planning, research, facilitating and control aspects of government are being recognized as essential continuing responsibilities of government. The following recommendations have been listed by Wirth as necessary steps toward a solution of the housing problem:

(1) The housing needs of the upper-middle and top-income groups could be supplied by private enterprise, while those of the lower- and lower-middle income groups should receive such public aid as may be necessary to supplement private enterprise to insure a minimum housing standard.

(2) National policy should be directed toward raising the income of the general population by increasing productivity and more equitable distribution of the resulting increased national income.

(3) Lacking increased income, the lower-income groups should have some provision of subsidies in the form of direct governmental construction of public housing, rents subsidies, or loans to private enterprises to make possible lower costs in the financing of housing.

(4) There should be full legal recognition of housing as a public utility with the right of eminent domain to housing projects, together with governmental regulations of quality and price.

(5) The building industry should be modernized for the purpose of using modern technological improvements for the benefit of the consumers of housing, minimizing its seasonal character, and making possible mass construction.

(6) Monopolies in building-material industries should be prevented or controlled, and the building trades should be reorganized in order to reduce building-construction costs.

(7) There should be strict enforcement of health, fire, and building ordinances to prevent exploitation of the slum population and to promote rehabilitation of slum dwellings.

(8) Private enterprise construction could be stimulated for the middle-and upper-income groups through simplification of building codes and legislation.

(9) Limited-dividend corporations and cooperative-housing enterprises should be encouraged, if necessary through government credit, loan insurance, or tax reduction.

(10) Proper city planning, zoning, and neighborhood protection would retard deterioration and blight.

(11) The slum clearance program might be separated from the low-cost housing program, since low-cost housing cannot always be best provided in former slum areas. Slum areas, after clearance, should be readapted for public use.

(12) The tax structure should be rationalized, with some of the tax burden borne by real estate transferred to other sources of income.

(13) Land speculation could be prevented through control of new subdivisions.

(14) The stabilization (though not freezing) of population mobility could be secured through the stabilization of economic organization.

(15) The disadvantageous position of ethnic groups suffering from race prejudice and inferior housing facilities should be minimized.

(16) The Federal, state, and local housing programs and agencies should be coordinated.[54]

TERMS TO BE UNDERSTOOD

slum
substandard dwellings
building code
subsidy
mortgage
blighted area
overcrowding
eminent domain
zoning
public housing

QUESTIONS FOR DISCUSSION

1. Give the reasons for present-day high costs of housing construction.
2. Explain why an effective demand for health-and-decency grade of housing for all Americans is almost impossible to achieve under present economic conditions.

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[54] Louis Wirth, *Contemporary Social Problems, op. cit.*, pp. 55–56.

3. What measures can private industry take to aid better housing? What are some of the limitations for the realization of such a program?
4. What are some of the criticisms of the "Fair Deal" program for public housing?
5. List some of the direct and indirect effects of poor housing.
6. How does the United States compare with other countries in respect to public housing?
7. Compare housing conditions and problems in rural areas with those in urban areas. How do you account for the differences?
8. How does the housing problem of contemporary United States compare with that of 100 years ago?
9. What new inventions have affected housing in the last thirty years? Why have some of them not been widely adopted?
10. Discuss the justice or injustice of subsidizing the housing of part of the population at the expense of the rest. Discuss this same problem from the standpoint of its social utility.

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Chapter Twelve

EDUCATION

SOCIAL FORCES AND EDUCATION

Education is the biggest of the nation's enterprises. The American people spend about 4 billion dollars a year for education. There are 250,000 schools, with land, buildings, and equipment valued at 11.4 billion dollars. More than 1,000,000 teachers and administrators handle 30,000,000 full-time day students and 3,600,000 part-time and adult students. This large expenditure, staff, and student body are evidence of the expanding popular education.

The development of an extensive system of free public schools has made popular education one of the most widely available social services. There are more high school students and probably more college students in the United States than in all the rest of the world. Vocational and adult education are widespread, and special attention is given to handicapped children. Women have virtually achieved equality with men in educational opportunities, and teachers are as a rule professionally trained.

The United States has the human and material resources to provide an adequate education for all. Yet there are serious educational defects and inequalities. Until these problems are solved, we cannot claim to have an educational program adequate for a modern democracy.

The School in the Social Order. The school is always part of the web of social life, but the purposes of education are not the same in all societies. An educational system has its principles and goals set by the nature of the society in which it functions.

The history of Germany and German institutions affords an excellent example of this thesis. Before the year 1800 the Prussian state emerged as an absolute monarchy. The educational system became a function of the government, and was used to maintain the class society which had been established. Thus a "dual" school system provided relatively few years of education for the mass of common people, while the few members of the elite were given an elaborate and extensive education. A similar class distinction prevailed in the educational systems of other European countries before 1900.

When the early English settlers founded the New England colonies, they brought with them the ways of life of their former land. As a result, there appeared the outlines of a class social structure. In the settled areas, Latin grammar schools were established to prepare the sons of the elite for colleges, such as Harvard (1636), where they were trained mainly for the ministry. All along the frontier, however, conditions forged a common way of life for all who occupied the stockade; and, as a result, the "unit system" of education (that is, a common system for all) was founded. In the South the situation was different. The plantation system favored the retention of the European order; hence, the society in general was based on a class system in economics, politics, social life, and education.

Education Under Democracy and Dictatorship. The modern world consists of two predominant types of societies: the democracy and the dictatorship. It has been the American tradition that the democratic way of life must rest on a foundation of public education. Modern dictatorships, however, also believe in public education. In fact, when Hitler came into power the school system was one of the first institutions which he sought to control. It is apparent, therefore, that though modern democratic and dictatorship societies extend educational opportunities to their members, the social role of education is very different in the two systems.

Our statesmen have long realized that our experiment with democracy would work only if the individual had an understanding necessary to pass intelligent judgment on public issues. Moreover, it has been the democratic theory to provide the individual, regardless of economic status or social class, with free opportunity for intellectual growth and cultural development. This position assumed that the benefits conferred upon the individual would result in the greatest social benefits. In dictatorships there is no such respect for the individual. Many persons and groups are marked for a life of limited opportunities and of suffering. In a democracy the educational system must not be used to build up or perpetuate class and race differences.

Yet it is possible for class differentiation to take place, in a subtle and unintentional manner, even where education appears to be free to all. In many economic and social spheres, educational status is a major requirement for opportunity. A democratic nation cannot allow the provision of many educational opportunities for a few, while for many others the opportunities are meager. The social stratification and regional and racial inequalities which are purposely planned in dictatorships, and which may exist to some degree in a democracy, constitute a major challenge to democracy itself.

In a dictatorship the school is used to inculcate an unquestioning faith in and obedience to the "rules handed down from above." The individual is molded to think and to act in the ways deemed desirable by the state. But a democracy can exist only when there is freedom to learn, to cultivate the intellect, to pursue the quest for truth, and to make this truth widely known.

The traditional purposes to which the American educational system has been dedicated have been achieved only in part. No other nation has conferred educational benefits upon the individual as we have; but all too often, our policies have led to an overemphasis on the personal and private values of education. Public and social services have been neglected. There is great need for adequate training in citizenship. The democratic way of life "can endure only as private careers and social obligations are made to mesh, and as personal ambition is reconciled with public responsibility."[1]

The Functions of Education in American Democracy. The fundamental concept of American democracy is the belief in the inherent worth of the individual and in the dignity and value of human life.

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[1] President's Commission on Higher Education, *Higher Education for American Democracy,* Vol. 1, "Establishing the Goals," U. S. Government Printing Office, Washington, 1947, p. 10.

The educational system of our country embraces this principle and attempts to put it into practice. It does this by performing five major social functions.[2]

(1) The first is selecting and training children for social mobility. Many American parents believe that the primary function of the school is to move their children up the social ladder. It is expected also that the school must treat all children as equals. Contrary to this expectation, our educational system may be thought of as a mechanism which sorts, labels, and routes children differently. In the high school, for example, the students are sorted and labeled as "college preparatory," "commercial," and "vocational," with the majority of graduates going directly into the labor market.

The school is a selective agency in two ways. First, the school usually operates to preserve the status system by training children of different social classes in different ways. This is the function of social solidarity or cohesion. The second feature is the selection of the most talented and gifted students and helping them rise to the top of the social order. This is the function of social mobility. As will be shown later, it is claimed that our educational system does not permit enough of our best students to receive the benefits of higher education. From the viewpoint of the individual, this means that we are "denying to millions of our young people what the democratic creed assumes to be their birthright: an equal chance with all others to make the most of their native abilities. From the viewpoint of society, the barriers mean that far too few of our young people are getting enough preparation for assuming the personal, social, and and civic responsibilities of adults living in a democratic society."[3]

The four remaining social functions of American democracy will merely be listed, because they either have been treated earlier or will receive detailed consideration later.

(2) Providing a basis of communication and a common core of traditions and values.
(3) Teaching children to work and live together.
(4) Teaching the skills for carrying on the economic life of society.
(5) Helping people find ways of realizing their social ideals.

The Expansion of American Education. The rapidly changing American scene has brought perplexing problems for the schools and youth. Until some decades ago, under rural-agricultural conditions of life, our society was a simple one, the problems of life were relatively few and local, and the education one needed was correspondingly simple. The family proved to be quite capable of educating its members. Even the early schools were simple affairs. Then came industrialization, city life, and rapid physical mobility. Life became complex and subject to rapid social change. Under these conditions, the schools grew and became a major social institution. Increasingly, they took over the educational function from the family.

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[2] W. Lloyd Warner, Robert J. Havighurst, and Martin B. Loeb, *Who Shall Be Educated?* Harper and Brothers, New York, 1944, pp. 45–57.

[3] President's Commission on Higher Education, *op. cit.*, p. 35.

In the early part of the nineteenth century, James Madison wrote, "Popular government without popular education is a prologue to a farce or a tragedy." At that time we were a long way from realizing the outstanding contribution which America has made to the world educationally: universal, free education. The period 1830–1860, however, defined our political philosophy with respect to public education. It was in this period that our public, elementary school unit was firmly established. The emergence of the democratic state was, and is still, the background for the dynamics of public education. The election of Andrew Jackson as President signalized the rise of the common man. We came to regard our educational system as the means of making effective our experiment in democracy. By 1860 many states had accepted the idea of public support of elementary schools. Our high school unit, however, was not free and universal until after 1874. In that year a Kalamazoo court decision, to the effect that the city had the right to spend public tax money for the maintenance of high schools, was upheld on the reasoning that the high school was essential to the general welfare of the community.

In addition to this democratic philosophy, there were other forces operating to support a bigger educational program. One of these social forces was the changing population composition. One way of showing how population changes have influenced the educational burden of the nation is to compare the ratio of children to adults. In 1860 there were more than 1,000 children, aged 5-17 years, per 1,000 adults, aged 20–64 years. In 1940 there were about 400 children per 1,000 adults. The effects of an increasing birth rate during the early years of the war and during the few years after the war will tend to counteract this development. Already there has been a great influx of kindergarten students, and by 1952 the high school freshman enrollment should rise again.[4]

With the burden of caring for children becoming lighter with regard to their proportion in the population, society has been able to take a new attitude towards youth by extending the period of education and by enriching the instruction. The expression of this view has come in the form of child-labor legislation and compulsory school attendance laws.

In the ages 10 to 15, about 6 per cent of boys and 3 per cent of girls were gainfully employed in 1930. Twenty years earlier, the percentages were four times greater.[5] For 16-year-olds, the proportion who were gainfully employed dropped from 40 per cent in 1920 to 2.5 per cent in 1930. During the early years of the depression, in the 1930's, less than half of all youths aged 16 to 19 were able to find jobs. Labor unions have led the fight for the expansion of popular education, partly because of humanitarian motives towards youth, and partly to maintain high wage levels for adult workers. Employers, too, have been demanding more educational training of prospective employees.

The states have enacted compulsory school attendance laws to make effective their child labor laws. Between 1852 and 1918 all the states passed such legislation. Many of these laws, however, have been inadequate and poorly enforced; nevertheless, this movement marks one of the major educational contributions by America to the world. In the meantime, the school-leaving age has also been advanced. A quarter of a century ago, only three of the forty-eight states required school attendance to at least the age of 17; in 1936, there were twelve states in this category. The trend has been to extend the school years at both ends, going down to those aged 6 and up to those aged 18. In essence, this legislation is a departure from the belief that the child is a concern only of his parents, and shows a recognition of society's responsibility for youth.

The Expanding Student Body. The increase in the numbers of students attending American schools and colleges has been phenomenal.[6] In 1910, 80 per cent of all children of elementary school age, 6 to 13 years, were attending school; in 1947, the proportion had increased to more than 95 per cent. The 700,000 enrollment in high schools in 1900 was equal to 59 per cent of youths of high-school age, 14 to 17 years. This increased, by 1947, to over 7,000,000 students, representing 80 per cent of this age group. Almost as spectacular has been the increase in college attendance. In 1910, fewer than 250,000 students, or 11 per cent of those 18 to 24 years of age, were in college. By 1947, the enrollment had risen to 1,500,000 students, or about 16 per cent of the age group. Another 1,000,000 students (veterans) flocked to the colleges and universities by 1947.

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[4] "Forecasts of Population and School Enrolments in the United States: 1948 to 1960," *Bureau of the Census*, Series P-25, No. 18, U. S. Department of Commerce, Washington, D. C., February 14, 1949, p. 16.

[5] Newton Edwards, *Equal Educational Opportunity for Youth*, American Council on Education, Washington, D. C., 1939, p. 9.

TABLE XXI

DISTRIBUTION OF SAMPLINGS OF ENLISTED MEN IN THE ARMY BY YEARS OF EDUCATION, WORLD WARS I AND II

Years of Schooling	*Percentage in*	
	World War I	*World War II*
Grade School	76.7	30.9
High School		
1 year	6.3	7.8
2 years	4.8	10.9
3 years	2.7	11.2
4 years	4.1	23.3
College		
1 year	1.8	6.3
2 years	1.5	4.0
3 years	0.9	2.0
4 years	1.2	3.6

Adopted from J. Frederic Dewhurst & Associates, *America's Needs and Resources*, The Twentieth Century Fund, New York, 1947, p. 302.

A clear picture of the progress made in raising the general educational level of the American people during the past generation is shown by the years of schooling of soldiers in World War I as compared to World War II (see TABLE XXI).

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[6] President's Commission on Higher Education, *Higher Eucation for American Democracy*, Vol. 2: "Equalizing and Expanding Individual Opportunity," U. S. Government Printing Office, Washington, D. C., 1947, p. 4.

In the first War, the average (median) soldier had completed seven years of schooling, while in World War II he had completed ten years.

MAJOR PROBLEMS IN AMERICAN EDUCATION

The American school system has played a major role in helping our society move towards the democratic ideals of freedom, justice, and equal opportunities for all. It has helped to free its citizens from ignorance and insecurity. It has helped to deepen and widen our social conscience. With all these accomplishments, there still remains unfinished business. Some of the more important needs confronting the American educational system concern teachers and school buildings, curriculum, structural organization, adult education, and educational inequalities.

The Need for Teachers and School Buildings. The most immediate and pressing problem in American education is the need for more and better trained teachers, and for school buildings and equipment.

Teachers. The nation's public schools face a critical shortage of teachers. Every state needs more qualified teachers. During the war years, it was difficult to maintain an adequate teaching staff. The enrolment in teacher colleges dropped 50 per cent, and the number of teacher college graduates dwindled to almost the vanishing point. Because 90 per cent of all our elementary-school teachers, and 75 per cent of all our high-school teachers are women, the solution of the teacher shortage lies in the answer to the question: Why has teaching become increasingly unpopular among women?

One factor which helps to account for the difficulty in getting a sufficient number of women interested in preparing for teaching is that teaching requires more years of preparation than are required for sales, office, and factory jobs. The minimum number of years required for teaching, in most states, is four years of training beyond the high-school level. Coupled with the factor of training is the problem of the freedom and the cultural opportunities open to teachers. Many communities demand a type of conduct from teachers which is more restricted than that expected of other adults.

Teachers do not have the freedom to live their lives in the way in which parents live their lives in the same community. Moreover, many small and isolated communities do not offer sufficient encouragement and opportunity for professional growth.

The most important reason for the teacher shortage is the relatively low salaries. The salaries of teachers have not kept pace with the rise in salaries in other types of employment and with the mounting cost of living. In 1939, the average teacher's salary was $1,441 per school year.[7] Teachers' salaries rose gradually during the war years. After a great campaign, in 1947, on the part of teacher associations and parent groups to raise teachers' salaries, the average salary increased to $2,750, or $52.88 a week for a fifty-two week year. There are some states, particularly in the Southeast, where the average salary is very low. For example, Mississippi paid an average salary of $1,450, and Georgia, Kentucky, and South Carolina paid less than $2,000.[8] Arkansas and the Dakotas also paid teachers an average salary below $2,000. Mississippi reported that some of its teachers were paid a salary as low as $400, and Georgia has a low salary of $627. Other states paying some of their teachers less than $1,000 annually are Kansas, $680; Minnesota, $900; North Carolina, $900; and West Virginia, $990.[9]

As a consequence of lower salaries, heavy teaching loads, and restricted freedoms, the quality of the teaching staff in the United States has deteriorated in recent years. To relieve the teacher shortage, emergency teaching certificates (usually requiring less than standard teacher preparation) steadily increased until they numbered about 120,000 in 1945.[10] In 1948, 105,000 teachers, or more than one day of every nine in the nation, were employed on emergency or sub-standard certificates. In Alabama, for example, 8,000 (or 40 per cent) of its 20,800 teachers were on emergency certificates.[11] Teacher "turnover" (that is, the rapidity of change in teaching personnel) is another factor serving to deteriorate the quality of teachers. Many states report that sizable numbers of their teachers are holding positions for the first time in 1948. For example, there are 5,299 new teachers in Georgia, 2,300 in Missouri, 2,500 in North Carolina, and 4,412 in Ohio.[12]

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[7] *Advance Estimates of Public Elementary and Secondary Schools for 1948–49*, Research Division, National Education Association, Washington, D. C., 1948, p. 7.

[8] *Ibid.*, p. 12.

[9] *New York Times*, January 10, 1949.

[10] *Advance Estimates of Public Elementary and Secondary Schools for 1948–49*, p. 8.

[11] *Ibid.*, pp. 9–10.

It is estimated that at least 1,500,000 children are deprived of a full year of schooling or are suffering impaired educational opportunities as a result of the teacher shortage. The biggest shortage of teachers exists in the primary grades of the elementary school, mainly because of the sharply increased birth rate during the early war years. In the meantime, many young people, who are preparing for teaching positions, are reluctant to prepare themselves for teaching in the elementary school.

School Buildings. Another critical problem in American education is that of providing sufficient and satisfactory school buildings. There are a number of factors which contribute to the building needs which now exist or are in immediate prospect.

First, there is the accumulation of unmet building needs because of curtailed construction activity over a number of decades. A fifth of all the city school buildings in use are at least fifty years old.[13] Two per cent of the buildings are more than 80 years old. During the depression of the 1930's and the period of World War II, school-building construction was limited mainly to projects which were absolutely necessary. In the ten years 1909–1919, 16.1 per cent of the school dollar was used for school construction. From 1919 to 1929, 19.1 per cent of the total amount spent for public education in the United States was used for construction. From 1929 to 1939, however, only 9.8 per cent was spent for school plant construction and improvement, while, for the seven years 1939–1946, only 4.9 per cent was for capital outlay.[14]

As a consequence, more than half of the city schools in the nation are overcrowded, accommodating (on the average) about 30 per cent more pupils than the buildings were intended to house.[15] Such overcrowded conditions are most frequent in elementary schools, and generally are most common in the larger cities. Moreover, one city in ten has such limited building facilities that about 10 per cent, on the average, of cities have some pupils attending half-day sessions.[16] It is predicted that if present trends continue, the number of cities having to resort to half-day sessions is likely to double before 1952.[17]

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[12] *New York Times,* January 10, 1949.

[13] *School Housing Needs in City-School Systems, 1947–48, Research* Bulletin, Vol. XXVI, No. 4, National Education Association, Washington, D. C., December, 1948, p. 147.

[14] *Ibid.,* p. 161.

In order to avoid excessive overcrowding and to avert the necessity of half-day sessions, many boards of education provide temporary housing. Among the makeshift arrangements are the portable buildings, rented space in churches, halls, or residences, and the continued use of obsolete, condemned buildings. Portable school buildings are in use in 15 per cent of the cities, rented space in 9 per cent, and 24 per cent of the cities are using some obsolete school buildings on a special-permit basis.[18]

A second factor contributing to school building needs is the greatly increased enrolments which have begun to surge through the primary grades as a result of the increased birth rate during the early war years. The elementary school-building shortage was reported[19] as being "very large" in the city schools in nearly half of the states, and in rural schools in one-fourth of the states.

In addition to the lag of school-building construction and increased enrolments is the third factor, high building costs. Using the average construction costs during 1935–39 to represent 100, the index of school building costs rose to 144 in August, 1946, and to 185 in August, 1948.[20]

It is clear that the present school-building shortage did not originate overnight and cannot be quickly eliminated. The shortage is the product of postponement and neglect brought about by a severe depression and the war years. More than in the case of the shortage of teachers, the shortage of school buildings has "now reached the danger point, where educational efficiency already is seriously impaired and at a time when a strong upsurge in school enrolments is being experienced."[21]

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[15] *Ibid.*, p. 150.

[16] *Ibid.*, p. 153.

[17] *Ibid.*

[18] *Ibid.*, p. 155.

[19] *Advance Estimates of Public Elementary and Secondary Schools for 1948–49*, p. 5.

[20] *School Housing Needs in City-School Systems, 1947–48*, p. 164.

The Need for Curriculum Changes. There have been changes over a long period in the content and methods of education. In the early days of development, the major task of the schools was the eradication of illiteracy. This problem has been reduced significantly, though there is still room for improvement. The 1940 Census revealed that there were 3,000,000 adults in the United States who had never attended any kind of school. The armed forces in World War II inducted about 350,000 men who were illiterate, according to army tests. At the cost of millions of dollars, and in the midst of the war, the army established special training units to salvage these men. More than 80 per cent succeeded in learning the basic curriculum of the three R's, which the army discovered were prerequisite to learning the duties of the soldier. In number, these men equaled approximately twenty-five army divisions.

In recent years, education has been directed towards the broader aim of fitting the student for life in the modern world. Now, education is regarded as a continuous process, rather than as completed at a certain age. Our elementary and secondary school curricula are closer to the realization of this objective than they were at the turn of the century.

Elementary School Curriculum. At the outset, it should be made clear that the curriculum of the elementary school is fulfilling, in large measure, the purposes entrusted to it. The elementary school has had two major functions: first, the socialization of the child, and second, the provision of a common basis of communication. Young children are asocial. They have to learn to give as well as take in social relations. The family is an important agency in teaching the child how to cooperate and compete with others, and the school, too, has played an increasingly important role in training children in the ways of adult social living. The early grades of the elementary school, known as the primary grades, emphasize this socialization process. In addition, the elementary school provides the basis of common knowledge for children. People must talk the same language, they must read, write, and reckon in terms which everybody understands. These main features of the elementary school curriculum have stood the test of time. Recently, additions have been made to this basic curriculum in the form of courses in hygiene, drawing, music, social studies, and nature study. In the main, the elementary schools have shown progress in treating education as a unified and continuous process.

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[21] *Ibid.*, p. 166.

High School and College Curricula. American high schools and colleges have assumed a huge task in the last fifty years. During a period when the social and economic patterns were becoming more complex and were shifting, the goals of education were subject to continual revision. The main curriculum need of the high schools and colleges is for a better synthesis or integration of subject matter.

Until sixty years ago, our high schools were attended mainly by boys who were a select, homogeneous group intending to prepare for one or another of the well-established professions—the ministry, medicine, law, teaching, or engineering. The task of organizing a curriculum for this small group of students was relatively simple, in part because the curriculum had evolved slowly both abroad and in our own country. By the beginning of this century, a new situation was developing. From 1870 to 1930, our high schools opened their doors to boys and girls of all classes. During this period the enrolment nearly doubled every decade. The new students had widely different social backgrounds, interests, abilities, and goals.

There was need to adapt the curriculum to this varied group of young people. Most of our high school graduates do not go on to college, and many of them have not been much interested in the traditional academic courses. This latter condition helps to explain, in part, why only four out of ten youths finish high school.

In the 1890's, Charles W. Eliot recognized the existence of these new conditions and favored the addition of courses which would suit the needs and capacities of youth. The "elective system," which he proposed, brought about new courses in such fields as English, the social studies, commerce and business, household and industrial arts, fine arts, and physical education. Courses in mathematics and classical languages declined in proportion. One small, midwestern college, for example, increased its courses from 67 in 1900 to 296 in 1930.

General Education. While solving certain problems, the growth of courses in the high school and college curricula, in turn, created another educational problem. Students became bewildered by the great number of courses from which to choose a program. Many of these courses were unrelated to each other. Moreover, students were trained too narrowly. As a result, there has been a growing recognition of the need for an integrated curriculum, involving the idea of a general education. General education has been defined as "those phases of nonspecialized and nonvocational learning which should be the common experience of all educated men and women."[22] General education usually takes the form of a "core" curriculum, which attempts to present every student with a rounded and interrelated picture of the major areas of human experience: the humanities and the physical, biological, and social sciences. There is still much debate and experimentation with regard to the means of implementing a program of general education.

Vocational Education. A second major challenge to the curriculum of the high school is the place of vocational education. The traditional distinction between education for living and education for making a living is still with us. There are some extremists who reject vocational education entirely. On the other extreme are those who would abandon the traditional academic subjects in favor of vocational ones. Others, admitting the need for both general and vocational education, still seek to keep them apart in the curriculum. Accordingly, the student would pursue a general education until a certain point in his formal education, and then, if education is continued, the student would follow a vocational or professional course exclusively.

Increasingly, it is being recognized that vocational education is not "servile." Making a living is a function of the citizen, and being a citizen is a function of the worker. The individual who must support himself and his family is finding special training more and more important. Special training is necessary, too, from the viewpoint of society. Many different jobs are required for a smoothly-functioning, modern social organization. Recently, the Commission on Life Adjustment Education for Youth reported to the United States Commissioner of Education in favor of a "life adjustment" curriculum. This curriculum would provide the student with "practical" English, social science, natural science, and physical education. Students are to be permitted, also, to take courses in homemaking and job-hunting, and to substitute part-time jobs under supervision for some of the classroom subjects.

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[22] President's Commission on Higher Education, *op. cit.*, Vol. 1, p. 49.

During the course of experimentation with vocational training, there appeared the view that the student should be trained for specific vocations. As machinery takes more and more of the skill away from the worker, laborers will find that vocational training for specific jobs accomplishes little good. Knowledge of the operations, skills, and habits of work basic to many occupations can be the worker's best assurance to fit into one job as well as another.

Furthermore, the type of vocational training which the schools will offer must be seen in the light of occupational trends. An important reason for the instability of employment opportunity is the rapidly shifting occupational pattern. The trend since 1880 has been away from the extractive industries, such as agriculture, mining, fishing, and forestry. Even for manufacturing occupations, there occurred a 7 per cent decrease between 1920 and 1940. Thus, farsighted vocational guidance and training should be in the direction of the clerical, service, and professional occupations.

The need for vocational education in rural areas appears to be especially great. Many of our rural youth will migrate to our cities, where they will face the problem of establishing a new basis for economic security. If the rural schools neglect to train the students in the occupational fields peculiar to the city, the problem of individual adjustment will be aggravated. Probably as important as this obligation is the task of the rural community to explore the vocational opportunities which might be developed even in the rural communities.

Vocational Guidance. Vocational guidance is the handmaiden of vocational training. Few things make more difference in one's life than satisfaction in one's daily work. Yet it is exceptional to find an individual who finds that his way of earning a living is also a means of self-realization and satisfaction. Better vocational adjustment might occur more often if there were less "occupational snobbery." There is need to educate Americans in the belief that all forms of useful work are equal in dignity and social status. Manual labor and trade skills must be recognized as being as useful and dignified as white-collar jobs. General education can make a contribution in this respect by acquainting the student with the interdependence among jobs in the modern world of work.

While diversifying its program for an enlarged school body, the high schools and colleges have lagged in providing the individual student with skilled and informed vocational guidance. Knowledge and instruments are available to provide each individual with information about the vocational field best suited to his interests and aptitudes. There are excellent tests of abilities, interests, and aptitudes. Occupational analysis has been developed to the point where we are able to know the requirements—skills, personality, and routines—of many groups of related jobs. However, a distinct shortage of trained counselors still exists, though most universities are capable of training counselors who are skillful in matching the person to the job. Moreover, the counselor has available, for the asking, accurate and up-to-date information about occupational trends. Thus, well-trained counselors are able to offer vocational guidance that may obviate costly mistakes in the student's choice of an occupation. Guidance is being expanded to cover such matters as planning for further education and personal adjustment.

Religious Instruction. One of the controversies which has flared up recently concerns the propriety of religious instruction in the public schools. One basic function of the school is to transmit the cultural heritage. Religious beliefs and the spiritual life are very important aspects of this heritage; therefore, the question about the relation of religion to the public school is as old as, and even older than, our nation. An equally essential, if not more important, value of our society is the toleration of free religious belief and worship. One reason why our people, who hold divergent ideas and beliefs, are able to act collectively and maintain a semblance of unified social life, is that we have agreed that we can disagree in certain basic, private areas of life. Thus, in the first session of the

Congress of the United States, held 160 years ago, the first act was to enact the "Bill of Rights," or the first ten amendments. The first "right" begins with these words: "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof." The effect of this amendment has been understood throughout our history as "erecting a wall of separation between church and state." This is the principle of complete religious freedom.

For many decades, the First Amendment applied only to the Congress and the Federal government. After the ratification of the Fourteenth Amendment (1868), however, the prohibitions in the First Amendment were applied to the states as well. "No state shall make or enforce any law," stated this amendment, "which shall abridge the privileges or immunities of citizens of the United States, nor shall any state deprive any citizen of life, liberty, or property without due process of law." During the past two decades, the United States Supreme Court has handed down a series of decisions to the effect that an act by any state in violation of the First Amendment is unconstitutional.

In a number of states, a variety of plans have been established whereby religious instruction has been related to the public schools. In the city schools of Champaign, Illinois, there existed the practice of offering sectarian religious instruction to all students during school time on public school premises. One parent protested and brought legal suit against the board of education. The case was appealed to the United States Supreme Court,[23] and in March, 1948, the Court ruled that the practice is unconstitutional because it violates the principle of separation of church and state. This decision was directed to the Champaign public schools only. The question still remains what other public schools will do. For example, in New York, about 110,000 students receive religious instruction during school hours. School buildings are not used, but the students are allowed to leave school early, and are supervised by cooperating church officials. There are two religious-education classes in Maryland, and a program of interdenominational religious instruction in

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[23] In the case of McCullom vs. the Board of Education of Champaign, Illinois, 69 S. Ct. 461.

Virginia. In New Mexico, more than 135 nuns and brothers and one priest are employed, on the public payroll, as teachers.

The Need for Structural Reorganization. The units of our educational system (that is, the elementary school, high school, and college and university) have been influenced both by foreign patterns and by American ideals. The trend has been toward a structural pattern which is in harmony with the democratic ideal of opportunity. In the process, the elementary school has become graded and standardized. The high school and college have been changed from aristocratic to democratic institutions.

The earliest American schools differed little from their European ancestors. The foreign pattern was, as pointed out earlier, a two-class system. For example, the German *Volksschulen* were intended to provide all children with little more than the basic three R's. The children of the elite were marked for additional education along a separate track, which led to positions of leadership. In America, according to Charles H. Judd, the early grammar schools were patterned after the *Volksschulen.* These district elementary schools were ungraded, which meant that they accepted pupils of all ages.

The early American secondary schools—the Latin Grammar schools—and the colleges were transplanted from Europe chiefly in order to train a religious leadership. This dual school system was hit by the leveling forces of democratic social and political ideals; and, in time, there emerged a unit school system. During the transition period, there appeared many types of structural organization, which were often marked by confusion and poor quality.

By 1880, the American educational system took form in the well-known "8-4-4" plan, consisting of the eight-year elementary school, the four-year high school, and the four-year college. These school units did not insure a well-graded or unified system, and, as they became fixed despite changing social conditions, some defects appeared. With the increasing wealth of the nation, and the passage of child labor laws, the elementary school lengthened the school term, secured better teachers, and improved teaching facilities. The increased efficiency made it possible for the elementary school to fulfill its functions in fewer years. To fill in time, teachers resorted to reviewing the work of earlier years in the seventh and eighth years. There was pressure, therefore, to shorten the years devoted to the traditional elementary school curriculum.

The Junior High School. The answer came in the form of the junior high school. Starting after the turn of the century, the elementary school and secondary school began to be reorganized so that an equal number of years was given to each level of schooling. The most popular plan was the "6-3-3" plan, with a six-year elementary school, an intermediate secondary school—the junior high school—made up of the seventh and eighth grades of the traditional elementary school, the first year of the four-year high school, and a high school reduced to the three highest years. There was much opposition to this reorganization, but after 1910 the movement gained rapidly. In 1922 there were 387 junior high schools, and by 1938 there were 2,372. In percentage terms, this meant that 11 per cent of the secondary schools provided for a junior high school in 1922, and by 1938 the percentage increased to 39.[24]

The Junior College. Even before there was serious demand for the downward extension of the secondary school curriculum, it was suggested that the high school be extended upward to include that part of the work of the college which was secondary in character. The result was the introduction of the junior college. The main argument in favor of this new unit was that only a separate unit, divorced from the traditional four-year college, could best serve the many students who leave college at the end of two years. Though the junior college retained the general-education phase of secondary education, its philosophy came more and more to emphasize its terminal-vocational functions. The increasing need of semi-professionals, technicians, and supervisors in modern industry required education beyond the traditional high school. The junior college apparently can meet this need better than any other educational institution. Moreover, the junior college has evolved as a local community institution. As such, it has led to increased enrolments in the first two years of college, for it is capable of giving a student training at a relatively low cost to the community. The increase in the enrolment in and the number of junior colleges is phenomenal. In 1915 there were seventy-five such colleges with 2,363 students. By 1945 about 250,000 students were enrolled in 584 junior colleges.[25]

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[24] Newton Edwards and Herman G. Richey, *The School in the American Social Order*, Houghton-Mifflin Company, New York, 1947, p. 829.

The "6-4-4" Plan. There is still much experimentation in search of a more effective structure among the units of the educational system. A number of leading educators and policy-forming agencies have been advocating the adoption of the "6-4-4" plan of organization. Starting in 1928 in Pasadena, California, there were ten cities by the beginning of World War II which had adopted the idea, the most ambitious and widely publicized one being at the University of Chicago. Briefly, the plan assumes that the traditional eight-year elementary school can be reduced to six years. Secondary education covers an eight-year period, divided into two equal parts. Whether or not the junior high school and junior college will retain their independent identities is still problematic, but the last year of the plan, in any case, would end with the fourteenth year.

There is no serious debate that the first four-year part of the secondary school unit—called the "high school"—should be devoted exclusively to general education. There is disagreement, however, with respect to the function of the upper four-year part, which has been called the "college." Some persons would restrict this unit to a program of general education, while others would add preprofessional and vocational courses. At the present time, it appears that the latter view will prevail.

The Need for Adult Education. The social changes which led to the democratization of our educational system for youth have also led to the expansion of adult education. There are a number of reasons for this development.

The increasing emphasis which adult education has received in recent years would lead one to believe that it is a new thing. Actually, adult education is very old. During historical times, the outstanding teachers taught adults only. For example, the disciples of Christ were adults. The extension of popular education to youth since 1890 was accompanied by a relative neglect of adult education. With the major task of providing educational facilities for youth more or less accomplished, it is dawning on us that the adult group in society must receive its educational due.

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[25] *Ibid.*, p. 832.

In the past, the average adult could do very well in life with little formal education. Life was simple, it tended to remain very much the same year after year, and the solutions to problems were fairly well known and uniform. This is history. Today, the individual must make many and continuous adjustments to changing conditions. Our economic system has been changed from one in which a majority of workers have engaged in converting raw materials into finished products into one in which an increasing proportion of workers are engaged in professional, managerial, and service functions. Consequently, the formal education one received may be outmoded in many respects not long after one has left school. For these reasons and because many of our adults have had a meager formal education, it has become necessary to extend education into the adult years. According to the Bureau of the Census, almost 17,000,000 persons over 19 years of age have not gone beyond the sixth grade.

Increased leisure time has been a great stimulus in the expansion of adult education. One of the most important trends of this century is the reduction of working hours in urban industry. During the last quarter century, about ten hours have been added to the week's leisure time. But the machine has tended also to splinter the personality of the factory worker. The machine calls into play only a part of his total personality, and the highly repetitive, monotonous, simple work operations in the job have robbed the worker of a sense of creative accomplishment. To secure intellectual growth and stimulation, as well as emotional expression, the worker has engaged in many educational leisure-time activities.

Another factor in the need for expanding adult education is that adults desire to learn. The Gallup Poll for July, 1947, showed that 41 per cent, or more than two of every five adults of working age, expressed the desire to engage in some kind of study. The social sciences and professional subjects were most desired.

Education for adults is carried on by many agencies, by some deliberately and by others as a by-product of an economic purpose. Among the major agencies which carry on formal adult education are the public schools. In 1940, about 2,000,000 adults were enrolled in evening classes. Many of these were Americanization classes, but a large number were vocational in nature. Federally aided vocational education alone, carried on in the public schools, involved almost 1,300,000 part-time and evening students. Adults also show interest in classes which cater to their hobbies and afford an opportunity to widen social contacts.

A growing field in adult education is the participation in art groups, museums, forums, and public library courses. The use of museums and libraries depends, in large measure, on their availability. Moreover, libraries are becoming places where one learns to use books, rather than mere storerooms for books.

Voluntary societies and associations are other agencies. Lodges, labor organizations, leagues of voters, and other civic groups are increasingly bringing organized educational programs to their members. In recent years, industry and business have contributed greatly to the movement. For example, the International Harvester Company is spending about $5,000,000 a year, while Sears, Roebuck and Company has a curriculum laboratory in which trained educators are continuously preparing organized courses for employees. In agriculture, adult education has made great strides. The agricultural county agent, in coordination with the state's land-grant college, has established excellent practical courses for farmers within the county.

It appears that continued expansion in adult education can be expected. Perhaps the movement is at present in the stage of development that the expansion of the high school was in 1890. The tremendous appeal of commercial recreational activities will have a restrictive tendency, unless the agencies which carry on adult education programs, particularly the public schools, are able to offer attractive activities for physical exercise and relaxation.

Visual-Auditory Teaching Aids. Adults do not have to go to school. They may choose to spend their leisure time in a great variety of ways. If adults are to remain in a class they must be kept interested. There is nothing which prevents them from dropping a dull course. Mass education for adults, as for youth, has brought problems of effective teaching methods. With the expansion of popular education on all levels, there has appeared a student body exhibiting wide differences in reading skills and academic achievement. Moreover, the increasing number of students per teacher and, particularly during recent years, the lack of preparation of many new teachers have made it necessary to experiment with teaching aids to make the teacher's presentation more vivid and effective.

Within two generations, the motion pictures and the radio have become major industries. These communication technologies have demonstrated great appeal and effectiveness. The schools, however, have been slow in using visual-auditory devices. Here is another case of "culture lag." There are, however, some promising signs. Documentary and educational films are increasing in number. In times of epidemic, when schools are forced to close, school lessons are broadcast over the air. Many teachers find it helpful to make assignments based on certain movies, radio programs, or newspaper features.

There are a number of new technological inventions which might have a great effect on education. Television, facsimile reproduction, the long record, and other communication inventions are being perfected. These inventions can bring about a declining need for teachers, a different kind of schoolroom setup, the possibility of securing the best teachers in the country for any classroom, and a redefined role of the teacher.

The Need for Equal Educational Opportunities. Educational inequalities represent the most baffling problem for, and the most serious charge which can be made against, our educational system. In a land of great size, with differences in human native intelligence and abilities, with regional differences in cultural patterns and economic resources, some differences in education can be expected. But existing educational inequalities are not slight. Moreover, they are not to be explained by biological or natural forces. They are social creations, and their solution likewise must be social.

During our national existence, public education has been the highroad to opportunity and to democratic citizenship. It has kept our social structure fluid, and has promoted a mutual toleration and respect between different cultural and occupational groups. If educational opportunities are available to some people and not to others, then education may become an instrument in creating racial and sectional prejudices or a caste society. For many of our youth, the amount and quality of education they may hope to attain depends, not so much on their own abilities, but on the "family or community into which they happened to be born or, worse still, on the color of their skin or the religion of their parents."[26]

Personal Economic Barriers. It is an old American belief that "any boy can get a college education who has it in him." This is a myth. Many young persons of high school and college age are not attending school primarily because of low family income. In 1945, nearly 75 per cent of all the children under 18 years of age were living in families whose incomes were less than $3,500 a year; 50 per cent of the children were in families whose incomes were about $2,500; and 36 per cent were in families with incomes of less than $2,000 in that year.[27] Moreover, the birth rate is highest in families with the lowest incomes. In spite of compulsory attendance, child labor laws, and free public education, there is a substantial out-of-pocket cost attached to school attendance. On the college level, the situation is more serious. Since 1939, the colleges and universities have raised tuition rates about 30 per cent. Transportation and living costs add to the burden.

The family's financial ability is unquestionably the most important factor in determining the chances a young person has of attending college. One excellent study[28] showed that the higher the parent's income, the greater the proportion of children who went to college. The same conclusion can be drawn from Figure 13, insofar as the father's occupation is closely related to the educational progress of the child. As contrasting examples, in families where the father's occupation was "professional–technical," only one out of thirteen children did not advance beyond the eighth grade; in the "farm-labor" families, seven out of eight children did not go beyond the eighth grade.

The President's Commission on Higher Education has stated that:[29]

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[26] President's Commission on Higher Education, *op. cit.*, Vol 2, p. 27.
[27] *Ibid.*, p. 12.
[28] A study by Mr. Elbridge Sibley, quoted *Ibid.*, p. 13.
[29] *Op. cit.*, Vol. 1, p. 41.

(1) At least 49 per cent of our population has the ability to complete fourteen years of schooling with a curriculum of general and vocational studies.

(2) At least 32 per cent of our population has the mental ability to complete an advanced liberal or specialized professional education.

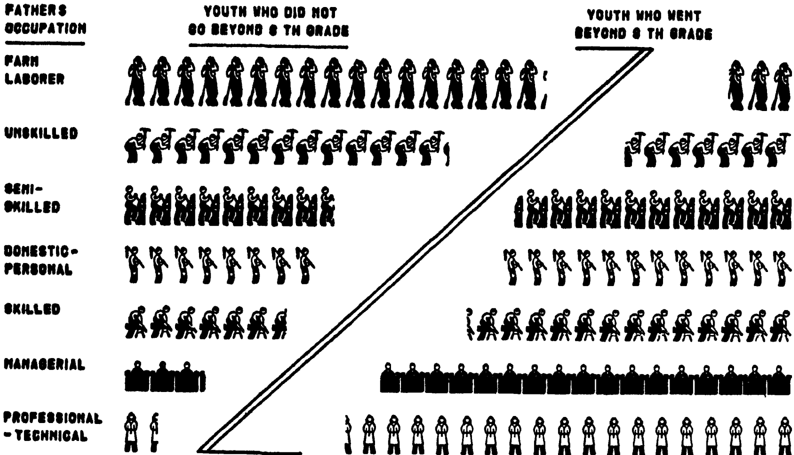

FIG. 13. Relation of fathers' occupations to the amount of education their children received. From Howard M. Bell, *Youth Tell Their Story*, American Council on Education, Washington, D. C., 1938, p. 59.

We are far from the goals implied by these facts.

Racial and Religious Barriers. Another form of educational inequality is based on race or religion. The problem goes deeper than its educational expression. In essence, the situation violates a major principle of our national life. This principle is "that nothing granted one citizen is to be denied another by reason solely of his membership in a racial or religious group."[30]

Our Negro citizens have suffered most from the disadvantages of unequal educational opportunity. The low educational status of Negroes reflect the cumulative effect of a long history of lack of opportunity. At every level in the school system, the schooling of the Negro is less than that of the white (see TABLE XXII). Separate education for the Negro is established by law in seventeen states and in the District of Columbia. Although the United States Supreme Court has ruled that segregation cannot mean discrimination as to the quality of educational facilities, in practice these differences do exist. Separate education is never equal. Negro schools are usually inferior to those for the whites. In these segregated school systems, the educational funds for the Negro child are a little more than a third of the funds allotted for the white child. Negro students are often housed in inadequate buildings, and their school term is often several months shorter than for whites. The Negro teachers of Negro students are paid lower salaries, and many of them are in need of education themselves. Library facilities are usually lacking in Negro schools, while "professional supervisors" represent a title rather than a reality.

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[30] Robert Redfield, "Racial and Religious Discrimination," *Round Table*, No. 562, University of Chicago, Chicago, December 26, 1948, p. 20.

TABLE XXII

PROPORTION OF YOUNG PERSONS ATTENDING SCHOOL, BY AGE AND COLOR; APRIL, 1947

Age	*Attending School*	
	White	*Nonwhites (About 95 Per Cent Negro)*
	Per cent	*Per cent*
6 years of age	67.8	63.4
7 to 9 years of age	97.1	89.2
10 to 13 years of age	98.2	93.7
14 to 17 years of age	82.5	71.9
18 to 19 years of age	28.2	24.2
20 to 24 years of age.	11.3	6.7

From the President's Commission on Higher Education, *op. cit.*, Vol. 1, p. 33.

Segregation also means that the education of whites is less than it should be. To maintain two school systems side by side "means that neither system can be of the quality that would be possible if all the available resources were devoted to one system, especially not when the states least able financially to support an adequate educational program for their youth are the very ones that are trying to carry a double load."[31]

The "Quota System." At the college level, in addition to segregation, a different form of discrimination is commonly practiced.

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[31] President's Commission on Higher Education, *op. cit.*, Vol. 1, p. 34.

This practice is known as the "quota system." "Many colleges and universities, in their professional schools, maintain a selective quota system for admission, under which the chance to learn, and thereby to become more useful citizens, is denied to certain minorities, particularly to Negroes and Jews."[32]

The quota system is generally defended on three grounds. First, it is claimed that it makes possible a well-balanced society. A second claim is that the quota system is best for the school itself. The third claim is that such restriction is conducive to the welfare of the minority group itself. When examined under the light of our democratic ideals, these justifications turn out to be mere rationalizations and un-American practices.

The answer to the first claim is that it has never been assumed that a democratic society should be composed of self-sufficient racial or religious groups, each providing all the services for its own needs from among its own members. This notion denies the American belief that men of all religious and racial groups are capable of acquiring the capacities to carry on the activities and the responsibilities of the citizen.

The second claim is defective in two main respects. For one thing, "it is not to be accepted without question that every college and every university ought to remain what it has always been. Institutions must change as society changes; our society has, on the whole, tended to realize, in a series of slow steps, the inclusive and democratic principle on which it was established.[33] Moreover, the practice violates a basic democratic principle. "To limit the number of Jews, because they are Jews, is to assume that certain qualities of mind, character or manners are present in every Jew. This is not far from the principle of collective responsibility for crime. . . . It denies the principle of responsibility of the individual for his own acts . . . "[34]

The third claim is weak in that it is made by the wrong people. "It might be open to the Jew to ask that fewer of his kind be caused to appear in certain areas where the Jew fears that an increase in his numbers might do him harm. But is it proper that members of the majority group should compel an unjust limitation of the numbers of members of the minority group, against the will of the minority, on the ground that the majority is thereby protecting the minority from injustices or even violence that would be committed by the majority?"[35]

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[32] *Ibid.*, p. 35.

[33] Robert Redfield, *op. cit.*, p. 27.

[34] *Ibid.*, p. 27.

These justifications are never applied consistently or applied to all groups.

> The administrator of the dental college who restricts the number of Jews admitted to ten per cent of the students never insists that another ten per cent of the students be Negroes. Never do we hear that 'Germans be limited in breweries, Catholics in municipal administration, Poles in symphony orchestras, Irishmen in fire departments and police forces, and whites in well-paying jobs of all sorts . . . the real reasons behind the application of ethnic quotas lie in the motive to preserve, for a privileged group, the competitive advantages its members enjoy, with respect to both jobs and prestige. When the competition gets hard, we hear a demand for the quota. Race or religion provides a criterion for excluding people of a group to which, one may be sure, the excluder does not belong.[36]

Geographic-Economic Barriers. In addition to the differences in educational opportunities as between individuals or families, there are differences between city and country and between regions of the nation.

Urban-Rural Differences. The city has been thought of as the home of rationalism and innovation. The income and wealth of the nation are also heavily concentrated in urban centers. It is not surprising, therefore, that generally the city provides most of the technical and higher educational facilities. Small towns usually lag behind in establishing vocational and professional schools, evening and summer schools, special schools for defectives, and adult education. It must be noted, however, that such educational facilities as Americanization classes are needed most in the large cities; hence, one would expect to find these facilities in the cities. Despite certain advantages, many young people in the cities must leave school as early as legally possible in order to supplement the family income.

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[35] *Ibid.*, p. 29.

[36] *Ibid.*, p. 28.

Part of the difference in the quantity and quality of educational opportunities available in urban and rural communities is a reflection of the general tendency of city life to encourage experimentation, specialization, and professionalization. This condition is possible partly because of the relatively large numbers of people in cities. But these differences also indicate that the city has greater financial resources and is the place where pressure groups are better able to break down the resistance to changes in antiquated institutions and practices.

TABLE XXIII

URBAN-RURAL PUBLIC SCHOOL DIFFERENCES

	Urban	*Rural*
Pupils enrolled per school building, 1940	353	63
Teachers per school building, 1940	11.8	2.4
Percentage of teachers having 2 years or more of college, 1940	90	63
Number enrolled as precentage of population aged 5–17 years, 1940	90	81
Average days in school session, 1940	182	167
Average teacher salary, 1940	$1,937	$967
Current expenses (excluding interest) per pupil in average daily attendance, 1940	$105	$70
Value of school property per pupil enrolled, 1940	$405	$185
Number enrolled as percentage of population aged 2–24 years, 1947	12.5	7.6
Percentage of population over 25 years old having less than 5 years of grade school, 1947	12.4	20.4
Percentage of population over 25 years old having 4 years or more of college, 1947	5.7	2.7
Median of school years completed for persons aged 20–24 years, 1947	12.0	9.8

Based on data from J. Frederic Dewhurst & Associates, *op. cit.*, p. 312; and data from the U. S. Bureau of the Census.

In this day and age, when internal migration has the effect of making the intellectual and cultural level of any region influence the development of other regions, the educational implications of population mobility are serious. "For good or ill, migrants enter into the social, economic, and political life of the communities in which they spend their mature years. They carry with them their knowledge or ignorance, their occupational adjustability or lack of it, their ability to participate wisely in the determination of social policy."[37] Our urban populations, which generally have the more advanced education, are, on the whole, producing fewer children than are needed for replacement. The adults in our society with inferior education are more than replacing themselves. This means that the educational opportunities afforded many of our rural youth, who will be the cityward migrants, are markedly inferior. Their curriculum is inferior; their teachers have little training; and the percentage of those of school age attending school, as well as the pupil expenditures, are far below the national norm. Some of these facts, along with additional comparisons, can be gleaned readily from TABLE XXIII.

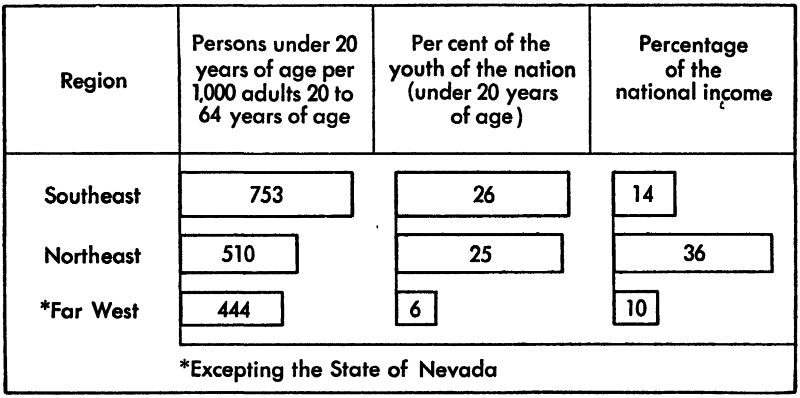

FIG. 14. The task of rearing youth in three regions of the nation (southeast, northeast, far west). Adapted from statistics in *The Economic Almanac*, 1943–44, National Industrial Conference Board, p. 367.

Regional Differences. There are glaring inequalities of education among the various regions of the nation. These differences are caused chiefly by differences in human fertility and economic resources. The South, in proportion to population, has the largest number of children to be educated (see Figure 14). In the southeastern states, for example, there are 753 children per 1,000 adults in the economically productive years; while the ratio is 444:1,000 in the far West. When it is realized that the distribution of the child population in the Southeast is largely on the basis of rural communities, which are of low economic status, it becomes clear that the educational burden for this region is heavy.

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[37] National Resources Committee, *op. cit.*, p. 211.

Figure 14 shows, also, the proportion of the nation's children which each region has to educate. Here again it can be seen that the South has the heavier burden as contrasted with the Northeast and the far West. The portion of the national income which each of these regions in America receives (see Figure 14) gives additional evidence of the variations in educational opportunity. The southeastern states have 26 per cent of the nation's children and 14 per cent of the income of the nation. This condition gives the far western states, with 6 per cent of the children and 10 per cent of the income, a decided educational advantage. The Northeast has a similar advantage, for, with 25 per cent of the nation's children, its part of the income is 36 per cent.

There is evidence which shows that the meager educational opportunities offered in the rural parts of the nation are not the result of lack of effort to finance education. Generally, the areas marked by low educational standards are putting forth the most effort. Those states in which standards are highest need not, and do not, tax themselves anywhere near the maximum of their economic resources. For example, in 1939–40, the ten states with the lowest educational expenditures devoted a larger percentage of state revenues for education than did the ten highest-expenditure states. If the average effort of the nation is taken as 100 per cent, the effort of the lowest group was 106 per cent, and that of the highest group was 91 per cent.[38]

Another striking example of effort concerns a comparison between California and Mississippi, which are extreme cases. By devoting 1.5 per cent of its income to public elementary and secondary education, California made an average expenditure per child of $142. Mississippi spent 1.8 per cent of its income and averaged (counting white and Negro students) only $36 per student. To equal California's educational expenditure per child, Mississippi would have to use 6.5 per cent of its income. Figure 15 shows the expenditures various states make for each public school pupil. The differences are great, especially as between white and Negro students in a given state.

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[38] "Federal Assistance to the States for the Purpose of More Nearly Equalizing Educational Opportunities," Senate Report No. 1497, 79th Congress, 2d Session, U. S. Government Printing Office, Washington, D. C., 1946, p. 7.

The One-Room Rural School. The one-room rural schools often aggravate the difficulty in financing education. There are many thousands of school districts where the number of board trustees outnumber the pupils. About 15 per cent of all elementary school pupils are in one-room, one-teacher schools in the open country. The distress may be further appreciated in the fact that often a one-room rural school contains one student or at most a few students. The annual expenditure for educating these pupils frequently runs up to $750 per pupil, or an amount sufficient to educate twenty-five students in larger schools. Undoubtedly, the movement towards consolidating many of these small schools will result in more intelligent and adequate financing of education. But the "consolidated school" is not enough. Free transportation of students by school busses from their scattered places of residence must be provided.

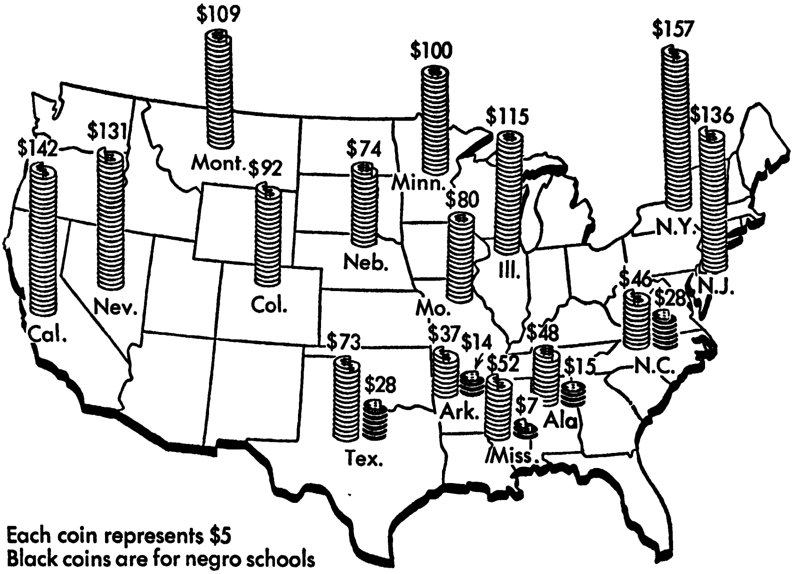

FIG. 15. Per pupil expenditure for public schools in selected states. From "Equality of Educational Opportunities," *Round Table*, No. 486, University of Chicago, Chicago, July 13, 1947, p. 22.

Federal Aid to Education. The facts show that some communities and states of the nation cannot provide an adequate educational program. These areas have the heaviest educational load, but they have limited economic resources. During the depression years, some states took over from the local communities the entire task of financing education. It appeared that the state was to become the school-financing body. But increased state aid to education cannot be looked to as the ultimate solution.

It has been proposed that a policy of liberal Federal support of education is necessary to help the various states. This solution is by no means acceptable to all Americans. In fact, Federal aid to education is the most important issue on the national education scene.

The interest of the Federal government in education is not new. Even before the adoption of the Constitution, Congress—under the Articles of Confederation—established national aid to education. According to the Land Ordinance of 1785, one section (640 acres) of every township of the national public domain was set aside for the maintenance of public schools. Since that time, Congress has passed 160 laws to aid education. Many of these laws involved awarding land to the states, and in all, 175,000,000 acres have been granted to the states for educational assistance.

The best known of the land grants is the Morrill Act of 1862. Congress provided a grant of 30,000 acres of land from the public domain for each representative and senator of the several states, to be used for the establishment of agricultural and mechanical arts colleges. At present, there are sixty-nine land-grant colleges in the United States, of which twenty-four are independent, twenty-eight are connected with universities, and seventeen are devoted to the education of Negroes. The Hatch Act of 1887 allowed the land-grant colleges to maintain agricultural experiment stations and to provide resident instruction and agricultural extension services. The most important contributions of the land-grant colleges have been the development of rural leadership (namely, 4-H clubs) and the coordination of regional efforts through national leadership.[39]

As public lands become scarce, the Federal government provided outright grants of money. The Federal Forest Reserve Act of

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[39] Advisory Committee on Education, *Land-Grant Colleges*, Staff Study No. 10, U. S. Government Printing Office, Washington, D. C., 1939.

1908 (and a similar act in 1927), together with the Federal Mineral Royalty Act of 1920, gave school assistance from the sale of minerals and lumber on public lands. Another type of money grant was established by the Smith-Lever Act of 1914, which aided extension work among children, and was the first act requiring the states to match Federal funds.

The Smith-Hughes Act of 1917 started another policy, that of stimulating vocational education and training of vocational instructors. This legislation was supplemented by the George-Deen Act of 1937, which recognized the changing pattern of occupations and, accordingly provided for vocational education in the distributive and service occupations. The depression of the 1930's brought emergency legislation, especially the National Youth Administration. The NYA enabled many secondary school students to do part-time work in some school project, or to enroll in a trade school. Then came the well-known "GI Bill," with its educational benefits for veterans. For various periods of time, depending on their length of service during the war, veterans attending school have their tuition and subsistence paid by the Federal government. Other veterans are receiving on-the-job training. The Federal government has seen fit to pay even greater subsistence benefits to veterans with dependents.

In recent years, bills have come before Congress to provide *continuous* assistance to state *common* schools from the national treasury. There are three basic factors which proponents agree should determine the extent of Federal aid: (1) the number of school-aged children 5 to 18 years of age; (2) the income of the state; and (3) the effort which the state is making to support its educational program. In determining the school-age population, the state would be permitted to count parochial school students as well as public school students. This feature represents a compromise with parochial school leaders, who had previously opposed Federal aid to education on the ground that it was discriminatory. Recently, parochial school leaders have advocated that the *individual* pupil, and not the state, be made the recipient of Federal aid. In this way, parochial schools would not be dependent upon the state for a share of Federal funds.

The operation of the two other factors would mean that rural areas would receive a large proportion of the Federal funds. This is exactly what is intended in order to equalize educational opportunities. In the Federal aid to education bill that was presented, without success, in the 80th Congress, the aim was to enable each state to spend at least $50 for each student annually. The bill also provided variable grants ranging from $5.00 per child in the wealthiest states to about $25 per child in the least wealthy states. Federal annual appropriations were to be $300,000,000.

The opponents of Federal aid to education claim that Federal aid would inevitably bring Federal control over education. They believe that whatever democracy exists in the American school system has come mainly from local community control. Many of the advocates of Federal aid to education agree that Federal control would be undesirable, but answer that the bills are being written carefully to guard against the possibility of Federal control.

Federal Aid to Higher Education. In the field of higher education, it has been proposed only recently[40] that Congress provide at least $120,000,000 a year for a program of national scholarships and fellowships to more than 300,000 needy, nonveteran students, who otherwise cannot attend college. Each state would create a scholarship commission to administer the Federal funds, which would come in the form of grants-in-aid, for at least 20 per cent of its youth aged 18–21 years. The maximum scholarship would be $800, and the total funds would be increased each year through 1952 as Federal outlays for veteran education decline. The state commission would also establish the standards and machinery for selecting the students.

Fellowships, for advanced and professional study, of $1,500 a year, would be awarded on the basis of a national competitive examination. About 20,000 of these awards would be made by 1952, and 30,000 in each year after 1952. Each winner would be free to select his own field of study at a school of his own choice. The armed forces are already providing similar assistance to many young men who qualify in the examinations given by the services.

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[40] President's Commission on Higher Education, *op. cit.*, Vol. 2, "Equalizing and Expanding Individual Opportunity," and Vol. 5, "Financing Higher Education."

After their education is completed, these youths are to enter active duty in their respective armed forces component.

TERMS TO BE UNDERSTOOD

"dual" vs. "unit" school system
"elective" system
social solidarity
social mobility
general vs. vocational education
"life adjustment" curriculum
vocational guidance
"8-4-4" and "6-4-4" plans
secondary school
adult education
"quota system"
consolidated school
Federal aid to education
land-grant college
"G.I. Bill"
Federal "matching" funds

QUESTIONS FOR DISCUSSION

1. Discuss the statement: A democracy is torn between the need of keeping its citizens agreed and unified on certain ideals, and the obligation to tolerate discussion and varying points of view.
2. If the high school student body is not so homogeneous as was that which attended high school in 1890, what significance does this have for (a) curriculum-making and (b) for structural organization of the educational system?
3. Granting that the schools should do something about the students' vocational life, at what level would you start this training? Would you establish separate trade or industrial schools?
4. What are the forces operating to extend public educational facilities for (a) children under the age of 5 years and (b) for adults?
5. There has been a great deal of talk about the obligation of society to provide educational opportunities for adults. What would be the arguments in favor of this proposal? Do you think, on the other hand, that the adult must shift for himself?
6. How would you answer the statement: "The purpose of our educational system should be to teach the younger generation how to adjust themselves to the world in which they live"?
7. Mention some of the activities carried on by public schools today that would have been regarded as unnecessary "frills" in your parents' school days.
8. What arguments would you raise (a) in defense of and (b) against the plan that the Federal government's aid to education go mainly to the rural areas of the nation?
9. What is the significance to higher education and to the students of the G.I. educational program? Can this program bring educational inequalities? For whom?

FOR FURTHER STUDY

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Chapter Thirteen

LEISURE AND RECREATION

The Need for Recreation. Primitive people do not need recreation. They do not have to break away from work to seek their "freedom." Not that they are free from the customs of their group. As a matter of fact, their freedom is more limited than ours. Freedom comes with civilization. Primitives do not even understand what freedom means. They certainly do not appreciate its far-reaching influence. Yet, primitives have advantages which modern man is denied. They do not engage in work which is simultaneously boring, confining, and exhausting. They enjoy their work, because they combine what we call "recreation" with it. Songs, games, ceremonials accompany their work. Furthermore, they have no set hours for hunting or fishing. Hence, they do not speak of "work hours" or "leisure time." They have no work whose meaning they do not understand and whose goals they cannot foresee. Hence they need no recreation.

It is sometimes said that the Industrial Revolution brought civilization with it. That is true; but it also brought other things. In the first place, it has made competition keener. Of course, it did not do so all at once. The industrial improvements which changed our mode of living crept in slowly, almost surreptitiously. As competition, due to machine production, began to be felt in industrial centers, some men began to escape from the cities to the wide open spaces. They built their homes there and stayed. Then immigrants came in to replace them. Driven by the rising costs of living, city workers crossed the Alleghenies. Then they crossed the Rockies. Then they overran California and the Southwest. They kept pushing the frontier ahead, until the frontier was no more. Once unoccupied lands were occupied. The forests were cleared, in some cases denuded. Wild life was destroyed. The marshes were dried. Whither now? Back to the cities, ultimately, where competition was getting more and more severe. The drift from the land to the cities began to increase steadily.

Another effect of the Industrial Revolution is found in the increased tempo of life and the drudgery of work. Driven by unavoidable competition, man had to speed up not only production but all his undertakings. Unable to envisage the end result of his work, because machine production meant specialized production, modern man lost interest in his work. Thus his work became drudgery to him. There are two evidences of this. One of these is the increased number of mental breakdowns. This is taken up in the chapter on "Personal Adjustment." Another is the increase in the amount of heart disease.

TABLE XXIV

TRENDS IN CONQUEST OF DISEASE, 1900–1944*

Disease	*Deaths per 100,000*		
	1900	*1925*	*1944*
Typhoid and paratyphoid fever	31.3	7.8	0.4
Scarlet fever	9.6	2.7	0.3
Diphtheria	40.3	7.8	0.9
Tuberculosis	174.5	74.1	38.3
Cancer	64.0	92.0	129.1
HEART DISEASES	137.4	184.8	315.4

* Based on *Vital Statistics of the U. S. A.*, 1944, Part I, Washington, 1946.

TABLE XXIV describes the situation. Man has waged war successfully against such once-ravaging illnesses as typhoid and paratyphoid fever, scarlet fever, and tuberculosis. Yet, in regard to heart disease, man has been unable to do much. According to a leading medical authority,[1] speaking in 1948, heart diseases destroy 588,000 Americans annually, and hold about 10,000,000 in their grasp at any one time. The stress and strain of modern life is demanding a high price from civilized man.

The two effects thus far reviewed seem to be anything but desirable. It is well known, however, that the Industrial Revolution did not bring us sorrow alone. In many respects it has helped to make life richer and fuller than it had been. Not to mention the higher standard of living, easily the most important contribution made by the machine, we might call attention to the shortened hours of employment and the longer leisure hours it has brought humanity. Whereas three, and even two, generations ago men toiled fourteen hours, slept eight, and had but two hours' leisure left, they now have eight hours for work, eight for sleep and eight for leisure. (See Figure 16.) Thus the Industrial Revolution has emancipated man from the drudgery of work by forcing greater drudgery upon him. But it has shortened the hours of drudgery. It had to shorten them. With the tightening of industrial discipline, with speed-up methods forcing greater and greater exertion, industry and commerce have begun to introduce vacation periods (generally with pay), during which employees can relieve themselves of tensions acquired while at work. This is for the good of industry no less than for the good of the worker. The question still remaining is what to do with the increased hours of leisure. There are a few men among us whose work, like that of the primitive, is creative and enjoyable. Their leisure is filled with the same kind of work that they do in their hours of employment or in the course of their professional routine. But most people are not that well off. To them, the hours of work are more of a burden than a privilege.

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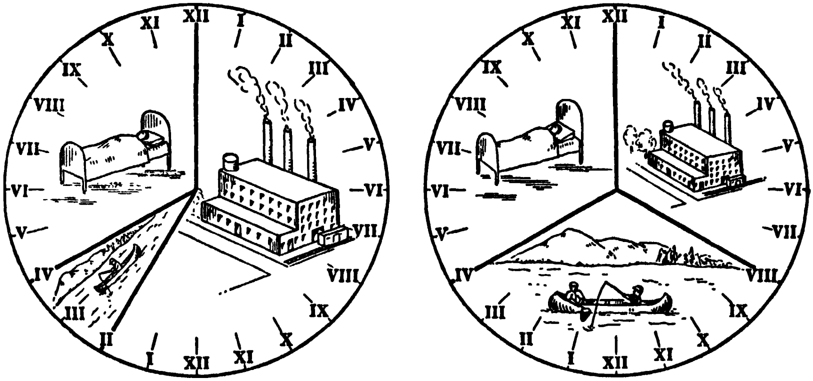
[1] Dr. Louis N. Katz of Michael Reese Hospital, Chicago, in a University of Chicago Round Table on "Heart Disease," NBC, No. 517, February 15, 1948.


XII I II III IV V VI VII VIII IX X XI XII I II III IV V VI VII VIII IX X XI
XII I II III IV V VI VII VIII IX X XI XII I II III IV V VI VII VIII IX X XI

FORMERLY NOW

Fig. 16. Work, leisure, sleep (after Neurath).

To ask how people spend their leisure hours is to speak of two diverse trends in our population. The well-to-do have access to private pools, private aviation, and what one sociologist has called "a long stairway of contact institutions." These include music, art, literature, tennis, golf, professional sports, cultural clubs, and so forth. The man of small means was at one time able to get his two hours' leisure spent in a quiet walk along the country road, a visit to the neighborhood store or the railroad station, and simple house parties (spelling bees, dances, etc.). The young would find enjoyment in "the old swimmin' hole." No longer is the country road safe. City flats are too small for entertainment. The corner store does not encourage loitering by older people. The railroad station has ceased to be a source of stimulation and wonder, and is no longer available to city folk. The swimming hole is no more. Thus the poor must grasp, and cling to, the few things remaining. The automobile is not primarily a sign of prosperity and a source of status, but a means of escaping from home in one's hours of leisure. Only one family in five, however, owns an automobile. How does the rest of America use its leisure? Some use intoxicants. Others use commercialized amusement agencies. Still others read, or listen to the radio.

Is Commercialized Amusement Recreation? Commercialized amusements are the average man's answer to the need for worth while activities in his leisure hours. There are two reasons for their popularity. In the first place, they require no exertion and, to those laboring under strain, they seem to offer a solution to the leisure problem. In the second place, municipalities and states until recently did very little to replace the vanishing leisure-time activities of previous generations. It has been estimated that commercialized amusements have a total intake of 10 to 20 billion dollars a year. One sociologist, J. F. Steiner, estimating the cost to be only 10 billions, left out candy, gum, tobacco, liquor, prostitution, and gambling. Admissions to places of amusement alone, estimated from records of receipts, total well over 2 billion dollars per year.

There is the cabaret. In Europe, this is a fairly reputable institution; but in America, debutantes and prostitutes, college boys and criminals, rub shoulders with each other as if they had a common interest in life. The chief offerings of a cabaret are drinks, gambling, and dancing. There is a very close alliance with vice. Walter Reckless, a sociologist, in a study of cabarets, found their locations to coincide with those of vice resorts in 89 per cent of the cases. Cabarets are often owned by criminal elements who are primarily interested in gambling. Hence it is they who give tone to these places of amusement.

There is the night club. A night club is usually a cabaret with looser standards. The hostesses who are assigned to entertain guests in night clubs are seldom desirable company. They often eat fancy foods, help guests gulp down their liquor unafraid, and carry on a line of small talk which is supposed to "chase away the blues." Of 373 clubs investigated by the Committee of Fourteen in metropolitan New York, only 52 were called respectable. About 800 women interviewed in these clubs amply justified the suspicion, long expressed by students of these institutions, that most night clubs are lineal descendants of the old disorderly house.

There is the roadhouse, too. The distinguishing feature of this institution is the small amount of control exercised over it by the authorities. Control by municipal government is, of course, impossible, because of the location of these institutions outside of city boundaries. Control by state and county authorities is either lax or absent. The reason for this is that roadhouses are a vital source of revenue, and any kind of control would threaten their existence. Drunkenness, sex delinquency, and gambling are rife. Vicious and criminal elements are often in full control. In a study of 171 roadhouses made in the Chicago area a few years ago, it was found that prostitution was either practiced, or encouraged by various means, in about 25 per cent of them. Public dance halls, taxi-dance halls, taverns, burlesques, and brothels could be brought in to complete the picture of commercialized amusements of a more venal sort, but the point is clear. They are not primarily recreational in nature.

Turning to commercialized amusements of a more acceptable type, we take up the motion pictures first. The industry represents a total investment of 2 billion dollars. A few years ago, the number of motion picture theaters in the United States exceeded 23,000. The seating capacity has been estimated at about 12,000,000. There is an estimated weekly attendance ranging from 65,000,000 to 100,-

000,000 people. Motion pictures are a large-scale and very important source of entertainment in our American life.

The type of entertainment that they offer, however, relies on unreality as a form of escape. People come, not to see life, but to get away from it. Crime is, all too often, glamorized. Over-emphasis on romantic love makes other activities appear dull by comparison. Overemphasis on luxury makes daily living seem drudgery to most American people.

On the other hand, the motion picture could be a significant vehicle of social growth. It could make people examine themselves. It could help them think through their problems by making them realize what happens to people when they make certain choices. It could be a vehicle of social understanding, a medium for the interchange of customs and institutions of various people, and an educational agency of great significance. Color, stereoscopy, television, can combine to make motion pictures not only an art but an applied social science as well. Until the war years, however, films were pitched on a low level of social responsibility. They evaded their obligation to promote the good life, and stressed the banal, the mediocre, and often even the downright inane. In all these respects, the motion picture industry is definitely beginning to grow up.

Radio is a largely commercialized form of amusement which exercises a tremendous influence on its listeners. There were 40,000,000 radios in American homes just before the war. Over these radios, it is estimated, some 17,000 different programs become available each day in the United States. That these programs are of absorbing interest to millions is shown by the recent Regents' Inquiry in New York, which discovered that the high school youth of New York listen nearly two hours a day to the radio, while they spend but one hour and twenty minutes reading. They let the radio run while they do their lessons; they play it while they have their "dates"; they listen to it during mealtime.

Much of what is broadcast is trivial, much of it wasteful, from the point of view of social or personal usefulness. Yet the radio does devote 22 per cent, or more than a fifth, of its programs to educational broadcasts. Do the people of the United States listen in? Studies show that something like two out of a hundred do. In point of "listening interest," there is no question but that popular music ranks first, with comedy next, drama following, and then sports, classical music, talks in general, religious programs, news and markets, and finally educational talks.

Obviously, the radio is not used for recreational purposes *primarily*. Not that recreation could not be made entertaining, but radio entertainment is not always recreational. Of course, no radio or even television program could ever replace the direct influence of one person on another. This is, indeed, its greatest drawback as an agency of recreation. It is the same drawback which must be charged to motion pictures as well.

The radio and films alike keep individuals from social contact and its enormous influence on personal development. Furthermore, they keep individuals indoors. They keep them passive. If radio and films thus compete unduly with more desirable forms of recreation, it is not because they are more valuable, but because they are more effective in attracting audiences. And they are probably more effective because they exploit the well-known principle of least resistance.

What Is Recreation? Commercial amusements are not the only gods at whose shrines people in need of recreation frequently worship in vain. Some people believe that idling is a form of recreation. R. L. Stevenson wrote a magnificent essay in defense of the idler, but idling does not always serve recreational ends. The reason for this is that it often does little that is constructive for the individual. It does not always slow down the tempo of life, and it does not relieve the strain created by the tempo. Rest, when used as a synonym for recreation, is clearly a misnomer. As E. A. Ross once said: "What the worker covets is not rest; else why not lounge away his holiday on the back porch?" Neither is mere change of activity recreation. A doctor who does janitorial work on his vacation may or may not get what he needs in recreation. A hotel clerk may not feel that working as a stevedore is recreation to him. A piano mover who does a teamster's work for a change will not find that he has gotten recreation. Mere "change of scenery" is not recreation. The "infant" industry of Callander, Canada, where the quints are kept on display, and where Americans go to spend $25,000,000 yearly, is hardly a form of recreation, interesting though it is.

Of all the synonyms of recreation, play is probably the most popular. There are three theories of play. One of these, proposed by Schiller and Spencer,[2] is known as the "surplus energy theory." This theory asserts that people play because they must drain off the energy left after they have attended to the necessities of life. In regard to this, a social worker, Joseph Lee, once said: "Yes, the boy plays because of surplus energy; and Raphael painted his Sistine Madonna because of surplus paint." Another theory was proposed by Groos,[3] who held that play is an instinct inherited by animals to serve the purposes of education. The animal, according to Groos, has a period of adolescence in order to play. The criticism of this theory is that (a) there are no instincts recognized by psychologists and (b) if there were some instincts, education would have to take care of them, instead of letting them take care of education. A third theory, sponsored by G. S. Hall,[4] an American psychologist, is based on the principle of "recapitulation." Hall believed that play is a characteristic symptom of development. He saw in it a stage in the development of the individual which corresponds to the development of the human race. The difficulty with this theory is that recapitulation as such is no longer accepted in psychology. Man does not repeat the history of the race in his own growth. Furthermore, play activities continue too long for one to limit them to a special period of life.

The only theory we might accept is that play is an activity in itself. When we do something for its own sake, we play. The 25,000,000 Americans who cultivate hobbies are engaged in play. The postman may be a president of a hiking club; housewives may enjoy taking cooking courses; miners may play baseball after grueling hours beneath the earth's crust; the sailor, after a training routine requiring all his energy, may spend his off-hours jitterbugging; the "tired business man" will play cards or chess—all for their own sake, as hobbies. F. D. R. was not only a philatelist but also a collector of marine mementoes, a devotee of swimming, a fishing enthusiast, and an avid reader of detective tales, biographies, and historical books. Most people think of stamp-collecting when they think of hobbies, perhaps because 9,000,000 indulge in stamp-collecting in this country. But actually, a list of hobbies would occupy considerable space. Such a list ranges from amateur motion pictures to walking. A brief list would include:

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[2] See J. F. Steiner, *Community Organization*, D. Appleton-Century Company, New York, 1930.

[3] Karl Groos, *The Play of Man* (tr. by E. L. Baldwin), New York, D. Appleton and Company, 1901.

[4] G. S. Hall, *Youth: Its Education, Regimen, and Hygiene*, New York, D. Appleton and Company, 1906.

amateur motion pictures
antiques
art
astronomy
autographs
beans
books
bowling
bridge
camping
cats
chess
cigar lighters
coins
cooking
designing
etching
fishing
flying
folk dances
gardening
golf
home mechanics
hunting
interior decorating
little theatre
leather work
marionettes
models
music
nature
photography
poetry
pottery
radio
soap carving
social work
stamps
swimming
tennis
walking

This array of play activities emphasizes the basic fact that the nature of play makes no difference, so long as it is aimless, not "practical." Play may serve as a retreat from reality and as a relief from strain, but it is not necessarily recreation. Play often has no conscious aim other than itself; while recreation is always considered a means to an end apart from itself.

Appreciating the need for recreation, knowing the extent of that need, understanding what is not recreation, suggests what recreation is. Recreation is neither a matter of motion, nor of lack of motion. It is a matter of *emotion*. In a sense, recreation could be defined as *re-creation*. In this sense, it means release from the tensions created by modern industrial competition. It means the return of neglected opportunities to those who had no time to utilize opportunities when they did come. It means greater self-realization, the expression of balked desires, through participation in meaningful social activity.

Not all types of recreation are equally valuable to all people. Psychologists have discovered that pleasing, well-balanced personalities are a matter of habit and skill which can be deliberately cultivated. Games and amusements can be used to cultivate such personalities. Now, certain of these contribute much to this goal; others, little. Amusements contributing most are probably those involving activity and physical exercise. Concentrating on one or two athletic sports is less desirable than giving time to five or six, because variety helps one secure continuous activity of this kind. The more games, too, the more friends and acquaintances one gets. Indoor amusements, such as parties, dancing, bridge, ping-pong, and billiards, are clearly recreational. They all require action, association with other human beings, and, above all, an interchange of emotional influence, which is highly beneficial. Anger, laughter, fear —all these receive expression through proper amusements. Dancing and bridge are among the most desirable forms of recreation for these reasons, and also because they promote poise and provide relaxation. Commercialized amusements, such as night clubs, and even moving picture theatres, do not usually accomplish these ends.

In our schools we do not help people develop adequate recreational outlets. Perhaps that is why, for every dollar spent for liquor, Americans spend a penny for athletic goods. We teach football, basketball, track-running; but we teach them to a small group of keenly interested youngsters. The vast majority are taught to be receptive, not to participate actively. Even the small group that learns these skills, however, loses them by and by, because in adult life they are seldom available as outlets. Most people thus become passive spectators and listeners instead of active participants. Watching and listening to fun is not the same as having it, though it has a value of its own. Tennis, golf, swimming are not receiving enough attention in our schools. These skills could last us through life. They could well serve the ends of recreation.

In summarizing, we can say that proper recreation must have four goals. All of them must be met if recreation is to be re-creation. The behavior involved must be, to some degree, active. It must consist largely of physical or of mental effort, depending on which of these is least a part of the individual's daily routine. It should involve social contact, mutual interstimulation. Finally, it should provide a way for the release of emotions. Unless it meets these qualifications, an activity cannot be regarded as most effectively re-creational.

Yet, in the last analysis, recreation is an individual matter, and varies in effectiveness with any individual's mood and need at any given time. What serves one individual well as recreation may do nothing but aggravate an existing personality defect in another. Furthermore, what may serve an individual well in one period may not serve him in another, and what may not serve him when he is in one mood may serve him well in another. The acid test is always the same: Does this activity release the individual's anxieties and tensions? Does it give him new strength to meet his problems? Does it help enrich his life, and vary the forms of expression to which he has become more or less addicted? Is he, in short, better off with it than without it?

Some Types of Recreation. Exactly what purpose do different types of recreation serve? The amateur stage play is a vital source of recreation. But the recognition of its usefulness has varied from time to time. As a result, the amateur play movement in the United States has gone through many changes. At one time participation in it was limited to little children. Now it aims to benefit both children and adults of all ages. At one time, facilities for plays were considered usable only in the summertime. Now they are in demand throughout the year. Not long ago, plays were based on outdoor activities and equipment. Now both outdoor and indoor facilities and events are popular. Congested urban communities were first to receive the benefit of amateur plays through recreation centers. Now, all urban and many rural communities, regardless of population density, stage amateur plays. Private philanthropies had got the play movement under way. Now community support and control seem to be increasingly in evidence. From a simple, verbal exercise, the play has passed to the stage where it includes manual, physical (total bodily), esthetic, social, and civic projects as well. From something of purely individual interest, the play movement advanced to the stage of group and community interest.

Small orchestras, recitals, painting and sketching facilities, carving, modeling, and drawing are some activities of recreational value which are coming to be part of the community recreation movement throughout the nation. Good music is being broadcast through the radio to millions. Opera is becoming known and appreciated. The recreational value of opera and music, however, does not lie simply in their popularity as passive activities. They are stimuli to communal effort in developing local talent and giving men and women of all ages an opportunity to seek the fulfillment of their aims, the completion of their inner ambitions to a point never recognized before.

A recent study by the American Youth Commission has shown that only 7 per cent of the books of fiction read by youths were evaluated as superior, while 48 per cent were rated medium in quality, and 45 per cent inferior. Now, in terms of quantity, an inquiry among the junior college students of Ohio has disclosed that they had read, on an average, 2½ books during the previous year. In Iowa, over two-fifths of out-of-school youths were found to have read no book during the previous year. In Houston, Texas, one-fourth of out-of-school youths had read no books during the preceding year. More than three-fourths of the reading done by youths consists of periodicals, not books. Thus the library facilities, even when they exist, do not serve as an outlet for the majority of our youth.

The library is not often thought of as a source of recreation. Not that it does not have such a function to perform. It is a source of vicarious satisfaction where re-creation through overt social contact is either impossible or ineffective. With most youths, of course, reading is limited to newspapers, popular fiction magazines, and various inferior books. Between the ages of 16 and 24, very little reading is done. Besides, one-third of our population is outside the reach of libraries. More than half our youth living in the country cannot now reach libraries. But even in our cities, only half the youth use libraries, though they have them within reach.

The recreational value of the library lies in the fact that reading can effect an equilibrium between conflicting impulses. It may satisfy unsocial cravings by letting us enjoy the downfall of a villain. It can prevent the ravaging effects of fear by making it possible for us to identify ourselves with fearless characters. Lately, so-called children's literature has been on the wane. Librarians report that children prefer factual books to fairy tales. This was true of 83 per cent of the children in a public library of a western city in 1939. Evidently, children no longer seek escape from life by identifying themselves with fictitious characters. Perhaps the stirring events of our times have something to do with that. Perhaps, also, these account for the fact that nonfiction reading is on the increase, vocational books are becoming increasingly popular, and books on how-to-do-things are growing in popularity. Books on aviation, radio, television, photography, and music lead in the order named. These are hardly entirely recreational in nature, but they serve the same function that recreation serves. They relieve strains, enrich lives, and make existence more purposeful. Considering that there was not a single public library in the United States 100 years ago, this increase in the use of library materials certainly augurs well for the recognition of the book as a means of getting wholesome recreation.

Recreation in Urban Communities. Cities present certain special problems from the point of view of recreation. In part, these problems were outlined in an earlier portion of this chapter. To repeat: low-income families do not have living quarters which lend themselves to recreation. Transportation offers difficulties. Many children get lost under such conditions. It is estimated that there are about 11,000,000 girls of ages 16 to 24 in urban communities. Only 2,000,000 of these are reached by any agency, other than the church or the school, serving adolescents. Piano and embroidery no longer supply their recreational needs. Radio and movies relieve these needs only in part. The primary need is for *social* recreation, especially creative and cultural activity.

If this is true of young people, it is even more true of adults. This is evident in industry. There is a genuine hunger for some form of recognition: prizes, banquets, jackets, insignia; also, there is a felt need for clubs, shop papers, gardening, and other "extracurricular" activities. Noon-hour motion pictures, dances, hours for gossip, barber-shop quartets, hobby shows, boxing, wrestling, craft shops, and adult education are needed. Not only industry, but public institutions, public housing projects, and neighborhood parks, need recreational provisions for overstimulated and yet utterly repressed city residents.

The Cleveland Recreation Survey made some years ago pointed out four sources of urban delinquency—all of which are traceable to the lack of adequate recreational facilities. One of them was playing on or about trains and railroad yards. Another was a desire for commercialized amusement. The driving need to get social status was also common. Finally, distaste for school or work, leading to any activity affording thrills, was found to be a source of misconduct. The conclusion of the survey group was that 75 per cent of delinquency was due to the misuse of leisure in the urban environment.

In a western suburb of Chicago, a gang regularly indulged in throwing missiles at autos and trains, and engaged in harassing behavior of all kinds. When a recreation center opened its doors, these depredations ceased. Halloween pranks, fires, and other neighborhood annoyances were a source of worry to many small communities in a midwestern state. Chiefs of police were helpless. The toll upon property was huge. In one single case, property damage amounted to $500, and the police answered fifty calls in one evening asking them to stop the vandals. The community, taking thought, then decided on a celebration in which all would participate, young and old alike. For some years afterward not a single instance of vandalism was reported.

Laboring under the necessity to handle its delinquency problem, another suburban community made over an old basement jail, once part of the village hall, into a recreation center for boys. Under the guidance of a high-school teacher, a youth organization came into being, and established a club headquarters. The policemen's benevolent organization decided to outfit the club's recreation hall. Business and social organizations fell in line, and the project got under way. The principle which this community accepted is quite simple. It is that for every demoralizing type of activity the group must aim to provide a wholesome substitute which can prove just as satisfying.

Going on this assumption, we see that every community can do a number of things to promote recreation. Greater use of existing facilities is the first necessity. Providing more adequate play space is another. The possibility of changing delinquent real estate parcels into public parks, as has been done in New York and elsewhere, is a third. Training courses for voluntary leaders finding joy in such service is a fourth. Expanded opportunities for public recreation and democratic leadership for it can be built up.

Recreation in Rural Communities. In the rural areas of our country there is a widespread need for recreational opportunities. There is need of these not only for the 10,000,000 unmarried youths in rural communities but also for adults. A survey made a few years ago has shown that only one-sixth of the total population is being reached by the few agencies that are active: 4-H clubs, the Grange, Scout organizations, and the Christian Endeavor.

What types of recreation fit into the rural atmosphere? In a recent survey, it was found that rural people are interested in Sunday visiting, reading, fairs, picnics, horseshoe-pitching, fishing and hunting, farmers' meetings, reunions, church socials, and concerts, in the order named.[5] The women express preferences for sewing bees, card parties, and women's organization meetings. Most of these, it will be noticed, are activities outside the home, for the home is not fulfilling its functions as a recreational agency in the rural community—in spite of the fact that 25 per cent of rural boys and girls have no playmates outside their own homes. Superficial contacts with strangers are more numerous than contacts with neighbors. The long workday is a hindrance to neighborly association, which is not easily overcome. Where there is no social contact, wholesome recreation is very difficult.

Profitable evenings at home could be arranged in rural communities if farmers placed social opportunities ahead of apparent work needs. Simple outdoor games are more rare than they could be, for the same reason. The rural church could increase its usefulness by providing suitable quarters and through employment of pastors trained in recreational leadership. The one-room country school is not intended for wider community usefulness. The "suitcase teacher," who escapes the ennui of rural life each week end, does nothing to overcome the situation which drives her cityward. Rural schools need playgrounds and equipment for play. Debating, instrumental music, literary endeavors, glee clubs, and dramatics, greatly needed in the re-creation of rural personalities, hardly enter into rural school programs. Rural libraries, too, are scantily equipped with current literature and stimulating recent books. The provincial attitudes often found among rural people are nowhere more clearly reflected than in the reading facilities of the countryside.

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[5] W. E. Cole and H. P. Crowe, *Recent Trends in Rural Planning,* Prentice-Hall, Inc., New York, 1937, ch. 13.

The 4-H clubs, sponsored by the Agricultural Extension Service of the United States, are doing a great deal not merely to develop homemakers and farmers, but also to offer recreational activities to rural people. The 4-H program includes folk dancing, games, singing, picnics, hikes, and so on. The Scout organizations, the Girl Reserves, the Hi-Y, the Campfire Girls, and the "Y" agencies are also promoting rural recreation, but they are far from satisfying all existing needs. The Farmers' Club, the Farm Women's Club, the Farm Union, the Farmers' Association, and the Parent-Teacher Association sponsor social gatherings from time to time; but these, again, are far from sufficient to meet existing needs.

Among these existing needs in rural communities we find athletic fields, band stands, dance pavilions, libraries, little theaters. Pageants and festivals are needed, but these require expert direction. Low-priced cars and lower-priced radios would help lift the rural resident out of his state of isolation to a greater extent than they are succeeding now. But they could not, as said before, serve as surrogates for wholesome leisure-time recreation. To be wholesome, leisure-time activities must not be mere time fillers. Leisure hours must be hours of active development, productive of more liberal, because better adjusted, human personalities.

Recreation and Government. In spite of numerous private efforts to provide recreational facilities, it must be agreed that recreation in its larger aspects is a responsibility of the government—local, state, and Federal. Children's sand gardens were conducted by half-trained matrons in Boston in 1886, long before governments woke up to their responsibility, but the first outdoor gymnasium was built by the city park department in Boston in 1889. Similarly with the playgrounds. The first playgrounds were built in Chicago in connection with the social settlements during the nineties. Then, slowly, city and state parks began to be converted to similar uses. From 1900 on there has been a steady municipalization of playgrounds. The Playground Association of America was founded in 1906. When it was organized, forty-one cities had already established public recreation in some form. In 1925, over 700 cities had it. In Chicago alone there were, at that time, fourteen playgrounds, covering close to sixty acres, and having field houses, assembly halls, gymnasiums, swimming pools, club rooms, and branch libraries. During World War I, the War Camp Community Service organized recreational facilities in 700 cities adjoining camps, and continued to provide these facilities after the war. In 1939 there were 9,749 playgrounds in 739 cities of the United States. At present, not only playgrounds, but field houses, gymnasiums, swimming pools, and branch libraries are, almost universally, government-financed.

One of the interesting developments in the field of national recreation has been the growth of the national parks and forests. Public interest in these facilities began in the early years of this century, but grew apace. In the years 1933–1941 the expansion of the park and forest services became one of the noteworthy features of the New Deal. The facilities of the parks and forests increased manifold, as the Department of the Interior added one park after another, one preserve after another. The number of visitors to the parks and forests runs into many millions each summer, and keeps increasing constantly. So does pleasure travel by auto and bus, the greatest recreational and educational activity engaged in by the American people. Continuous road-building and road-repair activity, carried on by the government, especially by the WPA in prewar years, has helped the citizens utilize the park and forest services. In 1939, for instance, this agency constructed close to 50,000 miles of highways, roads, and streets, and improved an additional 160,000 miles. The same agency has built 881 new parks, and repaired and improved at least 3,000 more.

Organized public recreation increased greatly after the depression. This fact may be explained by two circumstances. First, the

Federal government appropriated more than 1½ billion dollars for the construction and improvement of facilities. Second, the make-work policy of the government turned to recreational-facility building as a noncompetitive field. During the depression years, recreational facilities in the state of New York more than trebled. The Civil Works Administration, the Works Progress Administration, and the State Emergency Relief Administration spent nearly $167,000,000 on the New York park system in three years. The city and state of New York contributed $90,000,000 in the same period for equipment and property. But the greatest gain is found in a large variety of facilities and agencies built completely at government expense in some 2,200 American communities throughout the nation. These include archery ranges, shuffleboard courts, bathing beaches, bowling greens, golf courses, ice-skating rinks, outdoor swimming pools, and toboggan slides. These national treasures were added to communities that had never dreamed of acquiring them, but suddenly realized their losses in human happiness, and asked to be enriched.

Such vast improvements, however, would never have been possible, had it not been for the growing staff of workers trained for recreational-leadership jobs. Before the war there were 25,042 paid recreation workers in the United States. Of these, 15,000 were men and 10,000 women. The efforts of these leaders were vastly multiplied by the work of over 33,000 volunteers operating in isolated communities or under the guidance of trained leaders. Facilities, of course, must precede leaders; but leaders help increase and improve existing facilities. In the long run, it is difficult to determine which, facilities or leaders, are more vital to the happiness and health of the American nation.

Recreation: A Social Responsibility. There are in this country to-day more than 1,300 communities having public recreation programs. A few years ago, before the war, there were over 7,000 WPA community recreation projects. Communities have been slow in assuming responsibility, and in replacing obvious necessities in the field of recreation.

Public schools probably make the greatest contribution to public recreation. Over 10,000 schools have sound projectors, and there are over 15,000 silent projectors in classrooms throughout the country. About 3,500 films of good caliber are currently available for school use. The Commission on Human Relations of the Progressive Education Association is editing commercial films for school use, in the hope of increasing considerably the supply of films. The American Council on Education has distributed at least 3,500 films deemed fit for educational use in various schools and colleges. Wider use of the radio is constantly being made. School activities in music and dramatics, especially the former, have enriched the community life of every city, town, and hamlet. Opening pools, tennis courts, and athletic grounds to the public is becoming more and more customary. Another institution, the church, rivals the school in its recreational endeavors.

There is need for recognition that the community is responsible to its citizens—both young and old—for the kind of recreation they can have. There is need for understanding that commercialized amusements do not adequately supply the obvious and, in an atomic age, growing need for recreation. All communities do well to realize that, in the words of Theodore Roosevelt, "A community will not be a good place for any of us to live in until it is a good place for all of us to live in." Without wholesome leisure-time activities, no community can be a good place for any of us to live in.

TERMS TO BE UNDERSTOOD

leisure
commercialized amusement
idling
rest
play
recreation
surplus-energy theory
play-instinct theory
interstimulation
creative activity
4-H program
play movement

QUESTIONS FOR DISCUSSION

1. In what sense is recreation a special problem of civilized man?
2. Are (a) the cabaret, (b) the night club, (c) the roadhouse, adequate sources of recreation? In what way do they complicate the problems that make recreation necessary?
3. Discuss the advantages and disadvantages of commercialized types of recreation such as the motion pictures and the radio.

4. Defend or criticize the special definition of recreation offered in this chapter.
5. Are hobbies a form of recreation? What is especially beneficial about them? In what way may they fail to qualify as forms of recreation?
6. How do the problems of rural life create recreational problems different from those found in urban communities?
7. Prescribe recreation for: (a) a business man who works long hours six days a week, (b) a high school youngster who is intent on making superior grades in his studies, (c) a housewife who has three children to care for, (d) an average college freshman who works after school.
8. Do special moods or personality types require special forms of recreation? Illustrate.
9. In what way has your own community failed to provide adequate means of recreation? In what way has it met the challenge of modern life in this respect?
10. What effect do you think the major population trends will have upon the nature of the chief forms of recreation in the United States?

FOR FURTHER STUDY

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Chapter Fourteen

PERSONAL ADJUSTMENT

Adjustment and Maladjustment. An adjusted individual can be recognized in five ways. First of all, he is able to work energetically at his job. Second, he can play zestfully and with abandon. Third, he shows capacity for mature devotion to an individual of the opposite sex. Fourth, he can give and take (get along) in his personal relations with the people in his social world. Above all, an adjusted person solves his problems as he meets them, with or without the aid of others.

A maladjusted person, on the other hand, cannot work or play with satisfaction. He cannot get along with those of either, but especially with those of the opposite, sex. Even if he tries, he cannot achieve a harmonious relationship with those above or below him in the social scale. Such a person has never acquired, or has lost, the capacity for solving the conflicts that arise in his experience, or he can solve them in only one particular way. This way often serves as the major symptom by which we can diagnose the kind of maladjustment he displays.

Maladjusted personalities are especially abundant in disorganized societies. Indeed, the proportion of these personalities in a given society roughly indicates the degree of healthy organization that the society possesses. That is because in a well-organized society human needs are capable of satisfaction in a great variety of ways. In such a society, no one need either narrow his choices down to one particular solution or bluntly repress an existing inner need. A disorganized society is one in which the usual forms of control no longer operate, the usual ways of satisfying needs are no longer easily available. Thus, social disorganization may lead, if only indirectly, to many types of personal maladjustment.

Our society may be described as one in which an individual achieves personal adjustment through behavior which must be, in the nature of things, either successful or "different." When our behavior is successful, it is because we are able to achieve, in competition or cooperation with the members of some group, the satisfaction of our basic needs. The group in question need not necessarily be the larger community in which we live. One may be unable to act in concert with the larger group, but he may be able to do so in a smaller group, such as a gang. In any case, there are individuals who cannot or will not engage in concerted activity with the members of any group. They become "different." Some of these individuals have never evinced a capacity to satisfy their inner needs through group life. There are others who once possibly possessed this capacity but lost it through some physical illness or handicap. There are still others who have turned inward, into themselves, and discovered satisfaction in mental escape from the world of reality in which normal individuals find their outlets. There are also those who solve their problems by aimless drifting. There are those who merchandise behavior on which normal individuals in our society do not place a money value. Then there are certain types of individuals who refuse to work with others toward the achievement of common goals. Not that they turn away from the world of reality. On the contrary, they turn to it with a vengeance. They do not choose to escape in a bodily or mental way from the conflicts they experience. The particular adjustment they employ is based on insubordination, or cunning, or force, which temporarily or ostensibly may bring them a state of mental peace. These and other types of maladjustment have their technical names. To know these names and all their implications is also to know their causes and their treatment. We turn to these in the paragraphs that follow.

Types of Maladjustment. The types of maladjustment which we shall consider in this chapter are: (1) mental deficiency or feeblemindedness,[1] (2) the psychoses, (3) the neuroses, and (4) the character disorders. All these abnormalities have certain features in common. They are, for one thing, individual disorders or deficiencies. They all have social significance. They show the extent to which social relations enter into individual adjustments, and they prove that individual problems must be reckoned with in discussing social problems.

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[1] This is, more properly, a type of *un*adjustment rather than *mal*adjustment. See interpretation later.

The following classification of personal maladjustments (TABLE XXV) may help us visualize the problems involved.

TABLE XXV

CLASSIFICATION OF MAJOR TYPES OF PERSONAL MALADJUSTMENT

- I. Mental Deficiencies (Amentias)
  - 1. Idiots (Amaurotic, Mongoloid, etc.)
  - 2. Imbeciles
  - 3. Morons
  - 4. Borderline Defectives
- II. Psychoses or Insanities (Dementias)
  - 1. Organic Psychoses
    - a. Senile psychosis (with hardening of cerebral arteries)
    - b. Alcoholic psychosis
    - c. Endocrine psychosis (with disturbances in glands of internal secretion)
    - d. Paresis (with syphilitic infection involving the nervous system)
    - e. Psychosis with lead poisoning
    - Etc.
  - 2. Functional Psychoses
    - a. Schizophrenia (Dementia Praecox): Simple, Paranoid, Catatonic, Hebephrenic
    - b. Manic-Depressive Psychosis (Circular Insanity)
    - c. Paranoia
- III. The Neuroses ("Nervous Disorders")
  - 1. Anxiety Neurosis
  - 2. Compulsive-Obsessive Neurosis (Psychasthenia)
  - 3. Hypochondriasis (Neurasthenia)
  - 4. Conversion Hysteria
  - 5. Reactive Depression
  - Etc.
- IV. The Psychopathies (Character Disorders)
  - 1. Vagrancy
  - 2. Criminality
  - 3. Alcoholism
  - 4. Drug Addiction
  - Etc.

Mental Tests and Personal Adjustment. The earliest record of mental testing is found in Greek history. During the Trojan war, a Greek named Ulysses paid no attention to the government's call to arms. The authorities visited him, and found him plowing up the beach and sowing salt. Determined to test his sanity, they brought his only son out, and placed him in the horse's path as he kept on plowing. Ulysses quickly turned aside, and the test was deemed conclusive.

To this day mental tests are based on the assumption that one can predict the reaction of an individual by first testing his reaction in a similar, specially designed, situation. Furthermore, the assumption now held is that, by presenting an individual with a large variety of sample situations, and obtaining reactions to them, we can not only predict his probable adjustment to various problems he might meet, but we can get an estimate of how his abilities or disabilities compare to those of other individuals in the general population.

Psychologists employ various types of tests to establish personal adjustment. One type of test is designed especially to measure the individual's intellectual capacity or brightness. This is known as an *intelligence* test. Another type of test explores the individual's basic *interests* by presenting him with various hypothetical situations, toward some of which he must express a preference. A third type of test, and this is probably best known, is intended to measure *aptitudes* in concrete performances. A fourth type is known as a test of *achievement,* and is essentially a test of acquired skills or knowledge. A fifth type of test is directed toward *special* abilities or disabilities, and is generally given to handicapped children or adults. Finally, a sixth type of test used by psychologists tries to get at the personality structure of the individual and his basic emotional needs. This type of test is known as a personality, or *emotional adjustment,* test. All these tests are used by clinical psychologists to diagnose the powers and potentialities of individuals. On the basis of such tests, they can tell not only the kind of difficulty the individual presents, from a mental point of view, at any given time, but also what resources he possesses for readjustment in the future.

Scientific mental testing is little more than two generations old. It grew out of the practical need to sift the general population in order to separate accurately the mentally deficient from the normal and, knowing their limitations no less than their strengths, to decide how to adjust them in our society. The pioneer attempt in this field is credited to Francis Galton, an Englishman, who published a scale of mental measurements in 1883. But it was not until 1905 that the first adequate psychological test was published. The authors of this test, Binet, a psychologist, and Simon, a physician, had been commissioned by the French government to discover a way to separate the bright, fast learners from the dull, slow learners in the schools of France. The distinctive contribution of this test was that it gave us the concept of "mental age." If there is such a thing as physical or chronological age, asked Binet and Simon, why not also a "mental age"? It was but a step from this concept to the notion that we can get a ratio between physical (or chronological) age and mental age, thus establishing an I. Q. (intelligence quotient) of an individual.

To estimate mental age, Binet and Simon assembled a series of verbal and manipulative (motor) items, ranging in difficulty from coin discrimination to complex mental problems, and classified them by years, assigning each item a value in terms of "mental months." The items were so arranged as to increase in difficulty year by year. They gave the items to elementary school children on various levels, and standardized the responses for each "mental year." The total number of items successfully passed thus gave the subject's age in "mental months." Dividing the mental age in months by the chronological or actual age in months, psychologists obtained a ratio known as the I. Q. Multiplied by 100 (to avoid fractions), the ratio yielded the I. Q. in round numbers.

$$\text{I. Q.} = \frac{\text{Mental Age}}{\text{Chronological Age}} \times 100$$

The Binet-Simon is an individual test—that is, a test administered to one individual at a time. It has been used in this country in the Terman (or Stanford) and Kuhlmann revisions, named after the psychologists who adapted the test to American use. By means of group norms, psychologists have been able to assign individuals percentile ranks based on total scores, instead of I. Q's. Percentile ranks show where the abilities of a given individual place him with reference to other individuals arranged from the most capable to the least capable in a group of 100. The A. C. E. (American

Council on Education) test is the best known test of that kind. This test is generally given entering college freshmen in order to determine their quantitative (mathematical) aptitude and verbal (linguistic) aptitude scores, which can be converted into percentile ranks. By this device, used in combination with other tests, students can be guided to do the kind and quantity of work for which they are best suited, and thus they can be prevented from becoming misfits in college. During the last war, the A. G. C. T. (Army General Classification Test), a test of learning ability similar to the A. C. E., was used along with aptitude and achievement tests as the Army's major device in the selection (induction) and assignment (distribution and training) of Army personnel.

The Problem of Mental Deficiency. In the course of the last war, the Army suddenly found itself faced with the problem of what to do with some tens of thousands of soldiers who were incapable of learning the tasks of military life. So serious was the problem that, by the middle of 1942, the Army organized a corps of military psychologists to sift the inductees, and eliminate those incapable of learning. A prewar study in a large American city brought out the fact that a large percentage of the pupils in the first grade of grammar school were not advanced enough mentally to start learning to read. The importance of these findings, both in the Army and in civilian life, is that there are vast individual differences in our population. This fact was known long ago. But mental tests made this knowledge precise.

Using intelligence test scores as measures of individual difference, psychologists have devised a comparative scale into which every individual can be placed, and from which his position with reference to the general population can be inferred. TABLE XXVI presents the terms used by psychologists to describe various intelligence units, the I. Q. range each unit represents, and the estimated frequency of that unit in the population at large.

Since every individual fits somewhere in the scale of intelligence, it is obvious that every individual possesses at least some intelligence. That is the reason the older term for mental deficiency —amentia—which means lack of intelligence, is not strictly accurate. Intelligence refers to ability, and ability in its simplest terms refers to activity. Since there are no individuals who do not act somehow, there are no individuals who are without intelligence. Individuals do differ in degree of intelligence, and it is the degree that is important.

Fundamentally, intelligence refers to the ability to deal effectively with one's environment. Broken down into its components, intelligence includes: (1) the ability to perceive a situation as a whole, rather than partially or incompletely; (2) the ability to learn quickly; (3) the ability to take and maintain a given direction; (4) the ability to adjust to a new situation; and (5) the ability to solve one's own conflicts, or the insight necessary to seek help from others. Intelligence refers to mental efficiency, when it is normal or above normal. When it is not, we speak of it as mental deficiency. Technically, the latter does not imply maladjustment, since the term "maladjustment" presupposes some knowledge or recognition of an existing standard from which the individual deviates. The mentally deficient are by definition incapable of recognizing, least of all conforming to, the standard way of life. Hence they are literally *un*adjusted rather than *mal*adjusted.

TABLE XXVI

DISTRIBUTION OF INTELLIGENCE*

I. Q. Range	*Classification Category*		*Percentage of Population in Category*
0–24	Idiots	Low Grade Defectives	2.2
25–49	Imbeciles		
50–69	Morons		
70–79	Borderline Defectives		6.7
80–90	Dull Normals		16.1
91–110	Average Normals		50.0
111–119	Bright Normals		16.1
120–127	Superior Individuals		6.7
128 and over	Very Superior Individuals		2.2

* Adapted from D. Wechsler, *Measurement of Adult Intelligence,* Baltimore: Williams and Wilkins, 1944, p. 190.

"Mental deficiency" is an arrested or sluggish development of the so-called "mental" abilities. In terms of mental age equivalents, it is of some interest to note the following grades of deficiency:

TABLE XXVII

CLASSIFICATION OF THE FEEBLE-MINDED

Mental Age	*Types of Feeblemindedness*
0 to 2 years	Idiocy (low, middle, and high)
3 to 7 years	Imbecility (low, middle, and high)
8 to 12 years	Moronity (low, middle, and high)

A low-grade adult idiot has a mental age of less than a year. He is relatively helpless, although he can walk. A middle-grade idiot has a mental age of one year. He feeds himself, but eats everything he can place inside the mouth. A high-grade idiot, mental age two years, eats discriminatingly; that is, he can tell food from non-edible objects. A low-grade imbecile, mental age three to four years, cannot work. He plays a little, and in certain cases may try to help others. A middle-grade imbecile, mental age five years, does only the simplest types of tasks. A high-grade imbecile, six or seven years old mentally, does tasks of short duration. He can wash dishes, run short errands, dust objects. A moron of low-grade type is eight to nine years old mentally. He can do light work, make up beds, scrub, mend, lay bricks, care for the bathroom. A middle-grade moron, aged ten years mentally, makes a good institution helper, and can be depended on for routine work. High-grade morons, eleven to twelve years old mentally, are in some respects a greater problem than those of lower mentality. They can do fairly complicated work with only occasional supervision. They can use machinery. They can care for animals on farms. Although they require little supervision at work, they cannot plan their work. It will thus be noticed that the concept of feeblemindedness has definite psychological implications, determinable by tests, and that the popular use of the concept is inaccurate.

Extent and Causes of Mental Deficiency. The National Committee for Mental Hygiene estimated in 1946 that there were between 1,500,000 and 4,500,000 mentally deficient individuals in the United States. Shortly before the last war, there were 115,000 mental defectives institutionalized in this country. This means that a great many people in this category are neither institutionalized nor regarded as commitable. The late draft bore this out, since

4.5 per cent of the 15,000,000 men examined were turned down as mentally defective (not psychotic or neurotic). If we realize, in addition, that at least 2 per cent of the children of school age show difficulty in learning by usual methods on the grammar school level, and must be dealt with in special rooms, we can see that not all defectives are in our institutions for the feebleminded. As a matter of fact, only one in ten of the children showing difficulty in school actually requires custodial care.

To what factors can we attribute the mental deficiency of so large a number of Americans? It is now generally believed that defectiveness in its various forms is due to many causes. In some cases injury (trauma) at the time of birth is held responsible. Infectious diseases affecting the mother's body during the child's embryonic development may be factors. Disturbances in the endocrine glands (such as the thyroid, pituitary, and so on), toxic influences (alcoholism, lead poisoning, and the like), and malnutrition have been associated with feeblemindedness. In all these cases, it will be noticed, the causal factor is presumed to influence the structures on which intelligence depends, rather than to influence behavior as such. Low mentality has been assumed to be inherited through the germ plasm. However, intelligence depends on a great many unit characters. To assume that all these factors are equally and simultaneously involved in a grand hereditary scheme is somewhat dangerous. Psychologists are now inclined to recognize that hereditary influences apply to the brain and nervous system, the endocrine glands, and so on, which undoubtedly have an effect on intelligence. That intelligence as such is inherited is not considered likely. The studies of such families as the Kallikaks and the Jukes did not, as was once thought, establish a clear case for heredity. On the contrary, it is now believed that the work on these families left much to be desired; and that further research might show that environment had as much influence as heredity in those family histories.

Social Aspects of Mental Deficiency. The two primary elements found in feeblemindedness are (1) arrested mental development, leading to the limitation of ability and (2) inability to meet the ordinary problems of life, leading to poor social adjustment. These elements do not imply that a mentally defective individual is not a member of society, or is not entitled to consideration as such. Much calumny and undeserved discrimination have been heaped on the mental defective, because of failure to recognize this simple truth. Mental defectives, especially the imbeciles and morons, have some degree of social intelligence. They have vocational possibilities. They get married, and lead quiet family lives. They are not sexually dangerous, as a rule, in spite of what newspaper usage of the term "moron" leads people to believe. As a matter of fact, the feebleminded are usually almost inert sexually and in some stages even indifferent. It is true that those classified psychologically as morons make up a sizable percentage of the delinquents and criminals who are apprehended, thus reducing the average intelligence of prison populations in statistical studies. But they also make up a part of our unskilled, semiskilled, and, to a lesser extent, skilled labor groups. Of course, the higher in the scale of achievement a particular occupation is, the fewer mental defectives may be expected in it.

Social Treatment of Mental Deficiency. In the long course of human history, the feebleminded have received varying types of treatment. They have been abandoned to die, used as "fools" or jesters, allowed to roam about as ready butts for practical jokers, looked upon with superstitious awe, and treated as "possessed." Modern science and a democratic conscience have given us a better understanding of, and a more sympathetic attitude toward, the feebleminded. The treatment of feeblemindedness derives from this attitude. What the treatment is in a given case depends on (1) what the family of the deficient individual is able or willing to do for him; (2) what the community tolerates or does not tolerate in the way of mental backwardness (that is, so far as schooling, vocational adjustment, and the like are concerned); and (3) the degree of mental deficiency which the individual shows on a mental test. The types of treatment applied in different localities, depending on existing laws and attitudes, may be (1) eugenic or (2) euthenic.

A eugenic program is primarily concerned with the biological control of reproduction, aiming to *prevent* mental deficiency and to *improve* the mental ability of the group. Such a program calls for a certain type of simple surgery, in some cases, to prevent reproduction, and for the prohibition of marriage in other cases. In order to accomplish this plan, however, 15,000,000 people should have to be sterilized by 1980 in order to eliminate all those showing a "tainted heredity." Yet this amount of surgery would not take care of newly born feebleminded who presumably carry partial traits, and so the procedure could not be at all effective. As one psychologist recently put it, "We can no more build a race of mental giants than we can of physical giants."

There is more hope, apparently, in a euthenic program. Such a program is built on the assumption that by improving health conditions generally, that is, by improving housing conditions, by affording people more recreation, and by providing more opportunity for mothers-to-be to enjoy good food, fresh air, and rest, we can reduce mental deficiency to negligible proportions. While eugenic programs have been legally provided in several states, euthenic programs are promoted everywhere with the general improvement of living conditions.

Of course, a preventive program cannot eliminate the immediate need of providing care for the mentally deficient already in our midst. Through testing methods applied by qualified, and in some states licensed, psychologists, it is now possible to diagnose the mentally defective and establish the degree of care they require. Many defectives can be cared for in special classes in regular schools, and most states are appropriating funds for such classes. In these classes, through various special techniques, retarded children can be taught the fundamentals needed for a simple, yet not too dependent, life. Idiots and imbeciles, of course, need institutional (custodial) care. Such care is now provided by virtually all states; but, in all too many instances, parents refuse for sentimental reasons to release these children to state institutions.

Much progress has been made in the diagnosis and training of mental defectives. The objective of training idiots is to make these individuals easier to care for at home. There is little hope of making many of them work for social ends. Morons, however, and even imbeciles, are trained to acquire balance and muscular coordination. They are taught to pick out colors, to discriminate sounds, to taste, smell, and touch discriminatingly. Speech training, training in personal habits, and the development of useful abilities are aimed at wherever possible. Some mental defectives do surprisingly well. Some even acquire special talents, and give promise of making unusual adjustments along some one certain line. In any case, the provision of space and training facilities for mental defectives is definitely a state responsibility. Because of their number and the problem they present, the idiot and the imbecile are not in any case our greatest concern. The moron is. Lacking initiative, the moron is very suggestible. Suggestibility may lead him to crime. Simple outlets for morons, in useful fields, are urgently needed.

The Problem of Psychotic Behavior. Amentia, or feeblemindedness, refers to "lack of intelligence." This, as we have pointed out, is not literally correct, although it does imply an amount of ability which is less than that of normal individuals. The origin of the word is of some significance when compared to a related term, "dementia," or insanity, meaning "loss of intelligence." This also is relatively incorrect, because intelligence is never completely or irretrievably lost. Changes in intelligence, however, are usually found in mental disturbances. One of the striking changes shown on tests takes the form of "scatteration." That is to say, the individual's correct responses to the test are scattered. He does not show decreasing ability with increasing difficulty, as is normally the case. Instead, he shows some ability on a low level and some ability on a higher level, with intermediate abilities apparently lost, suppressed, or changed.

Changes in intelligence are not the major symptoms of psychosis. Changes in emotional adjustment are even more prominent. The emotional life of the psychotic is obviously distorted. He shows either too much emotion or an apparent lack of emotion (level affect). Other symptoms are delusions and hallucinations. By "delusion" we mean a defect of judgment which is out of harmony with reality. Hallucinations are disorders of perception. They may arise in any sensory field: vision, audition, tactual sensation, and so forth. Hallucinations arise from within, as it were. The difference between hallucinations and delusions is not difficult to see. A delusion is a "false idea." For instance, believing that one is Napoleon is a delusion. A hallucination is a "false percept." For instance, "seeing pink elephants" is just that. Along with hallucination and delusions, there is generally a lack of interest in the immediate situation, a relaxation of attention and of critical ability, a dispersion of thoughts, a tendency toward "invention," and what is called a "weakened sense of reality."

Types and Etiologies of Psychotic Behavior. Broadly speaking, there are two large groups of mental disorder: the organic and the functional. By organic types of mental disorder we mean those in which definite change in the tissues of the organism can be associated with the individual's mental condition. Examples are psychoses connected with syphilis, lead poisoning, endocrine changes, alcoholism, morphinism, and so on. By functional types of mental disorder we mean those in which there is no known or noticeable change in the constitution of the individual, the change being exclusively behavioral. Examples of this kind of psychosis are (1) dementia praecox (or schizophrenia), (2) manic-depressive (or circular) psychosis, and (3) true paranoia.

There are four kinds of dementia praecox or schizophrenia, all of them characterized by withdrawal from contact with others, self-preoccupation, a dulling of emotional response, and an inability to concentrate (scatteration). These are: (1) the simple (characterized by the fundamental symptoms just described); (2) the paranoid (characterized by extreme suspicion and attitudes of grandeur); (3) the catatonic (characterized either by overactivity and destructiveness, or by inactivity, negativism, and extreme indifference); and (4) the hebephrenic (characterized by peculiar, clownish, and infantile reactions).

The manic-depressive type of psychosis is called "circular" because it takes the form of alternating attitudes of depression and maniacal excitement. First comes excitement, then depression, then excitement again. The psychosis called "true paranoia" is similar to the paranoid dementia praecox type of illness, but differs from it in that the apparent emotional adjustments of a true paranoiac may remain intact, and the individual's intelligence does not appear to be affected. The chief characteristics are delusions and hallucinations, woven into a plausible pattern which is difficult to recognize as abnormal because of the intelligence and vigor of the individual involved. Some men who have figured prominently in the history of the world have been afflicted with this illness.

There are other types of psychoses. The American Psychiatric Association lists over seventy major types. There are also mixed types, in which diagnosis is difficult. Mental abnormality is not easy to diagnose in any case, and it is still less easy to treat. Many puzzling problems remain to be solved. If organic diseases "cause" certain kinds of psychoses, why do many individuals afflicted with organic diseases show no mental disorders? On the other hand, there is no absolute assurance that structural changes are not involved in functional types of disorder. The prevailing attitude now is that both functional and organic psychoses depend for their origin on a certain type of early development and its influence on later behavior.

As psychologists look at it, there are two kinds of factors to which psychotic disorders can be traced. One of these is known as "predisposing," and the other as "precipitating." Predisposing factors may be compared to an explosive substance conveniently packed into a ball, and lying dormant within the individual. Precipitating factors may be likened to a match which, when brought in contact with an explosive, sets it off and brings on destruction. Under predisposing factors, we list the infantile conflicts of the individual, which continue throughout life on an unconscious level. These lead to false impressions, false judgments, defective inhibition of impulses, defective emotionality, and defective social orientation. Thus, delusions come into being. They lead also to hidden aggressions, hidden ambitions, hidden fears, hidden love for unattainable people. These are at the core of hallucinated responses.

However, serious disorders depend upon some factor to bring them into being. They do not flare up of their own accord. The factors immediately responsible we call "precipitating factors." Of these, we might mention a few considered typical:

1. Fatigue (continuous strain, lack of rest or sleep).
2. A debilitating or infectious disease.
3. Pain (especially when long-continued and excruciating).
4. Physical injury, or hemorrhage due to some other factor.

5. Shock due to endocrine disturbance.
6. Drugs or alcohol.
7. Puberty, menopause, old age.
8. Failure in some vital venture.
9. Loss of acquired associations (money, friends, parents, or other relatives).
10. Loss of economic status or honor (bankruptcy, rape, and so on).

Illustrations showing how precipitating factors operate are not hard to find. Financial reverses, stock market crashes especially, have been long associated with increase in mental disease. The expectation of discipline, the rigors of military life, and the dangers under fire, during the last two wars especially, have led to numerous mental breakdowns.

Yet precipitating factors are secondary in importance to predisposing factors. These, in turn, are deeply rooted in the interrelationships existing from infancy between parents and their children. Sometimes by overindulgence, sometimes by excessive discipline (or irrational authority), sometimes by inconsistent treatment, parents weaken their children's sense of reality, and set up conflicts in them. Sometimes it is neither overindulgence nor severity of treatment, but rather the wish to have children achieve their parents' ambitions, that leads to serious conflicts. Such a wish may mean setting up a standard that is impossible to attain. As one catatonic in remission (released from the hospital as recovered) remarked: "The reason I stopped talking is that I was afraid I would be misunderstood. I tried to conform. I couldn't do it well enough. I then became someone else. [Who else?] An imaginary person. No real person could do what I was expected to do." The severity of the effect of harmful relationships between parents and children depends on whether both parents or only one of them is involved, and even more on the extent to which the child can develop a healthy relationship with some real individual outside the family.

The Incidence of Psychotic Behavior. What has been the statistical trend of insanity in the United States? What has been its cost to the people? What part, if any, do place of residence, sex differences, marital status, nationality, or age, play in the frequency of this group of diseases known under the general name of insanity?

It is a somewhat startling fact that while the population of the United States has doubled within the last fifty years,[2] the population of our hospitals for the insane has increased ninefold within the same period. In 1880 the number of patients in such hospitals was 41,000. Now the state of New York alone houses and treats about twice that number of psychotic patients. The tremendous increase has not been due exclusively to the factors producing the disease, but also to the more ready recognition of the various forms of the disease, especially in its early stages, as well as to the more general acceptance of the use of hospital facilities for the treatment of the insane.

It is estimated at this time that no less than 125,000 psychotics are admitted to hospitals for the insane in this country each year. In 1946, however, there were 271,209 such admissions. How these patients are housed may be inferred from the fact that the total number of beds available for medical and surgical care in the United States in 1946 was 1,468,714. Of these 674,939, or 46 per cent, were available in mental hospitals. But, while the beds in general hospitals are usually half-filled (largely because of inadequate distribution of facilities), the beds in hospitals for the insane have been filled to the extent of 96 percent of their capacity.

The average length of hospitalization is three years per individual, but, of course, the period varies with patient and illness. It was once supposed that there was greater probability of mental disorder at an early age; but Robertson, a psychiatrist, has found that there is a short decline in number of patients only at age fifty, and a steady rise until death. Sharp increases in frequency of commitment were noted at (a) the age of puberty, (b) change of life (menopause), and (c) the onset of senecence. In recent years, there has been noted an increase in aged patients in many hospitals. A large Illinois hospital recently reported that the aged made up 40 per cent of its population, an increase of 25 per cent within ten years. Much of the increase generally, and that in regard to aged patients especially, must be understood to be a result of the growing realization that mental abnormalities are diseases and also that there is a possibility of cure in many cases. There is also a tendency to turn over for state care mentally ill relatives who were once tolerated at home.

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[2] Most of the figures on mental health trends and needs given in this chapter are quoted from Dr. William C. Menninger, "Facts and Statistics of Significance for Psychiatry," *Bulletin of the Menninger Clinic*, Vol. 12, January, 1948.

The statistics dealing with sex distribution in hospitals for mental diseases show an almost equal number of both sexes. The odds are slightly in favor of the men. Psychoses associated with syphilis and alcoholism are more frequent in men than in women. In the manic-depressive group, women predominate—two to one. There is little difference so far as the schizophrenic group is concerned. The incidence of mental disorder, by and large, is greater in single than in married people. There are two probable reasons for this. First, there is less likelihood that those tending toward mental disorder will marry. Second, the married state favors an adjusted type of life. In regard to nationality, it has been found that there is little difference between the children of immigrants and the children of natives, 34.9 per thousand being the first ratio, and 34.6 the ratio for the second group. Other statistics along this line appear to be spurious.

Very interesting findings in relation to psychoses were recently made in ecological studies of city zones. These studies, reported by H. W. Dunham and R. E. L. Faris, sociologists, brought out the fact that psychotic patients, classified in terms of residence in their original communities, tend to cluster near the center (oldest section) of the city. The highest rate for schizophrenia is found in Hobohemia, rooming-house areas, and communities near the center of the city. Areas of social disorganization generally show higher rates than outlying areas, and this is true regardless of how they are located with regard to the center of the city. Manic-depressives are relatively more frequent in regions of higher rental; and schizophrenics in regions of lower rental, rooming houses, and slums. The findings on the organic psychoses are not so definite. However, these psychoses are found to harmonize with the distribution of poverty, delinquency, and veneral disease. Studies similar to those of Faris and Dunham, based on Chicago, were made by various sociologists in Omaha, Milwaukee, Kansas City, St. Louis, and Peoria. The findings were substantially the same.

The Treatment of Psychotic Patients. Time was when psychotic patients were equipped with strait jackets, iron collars, and chains to make sure they stayed in bed or in their cells. Because of the work of such persons as Pinel in France and Benjamin Rush and Dorothea Dix in this country, these brutal practices are no longer common in the civilized world. Therapy, in the early stages, consists in the inducement of the patient to recite his emotional complaints in order to discover the source of his difficulties, give his emotions a chance for release, and offer him an interpretation of how his emotions may produce his mental symptoms. This is known as psychotherapy, and it takes the form either of supportive treatment or of psychoanalysis. Combinations of verbal treatment with drug administration are used in somewhat more advanced cases. The drugs used are sodium amytol or sodium pentathol. In hospitals, hydrotherapy is used. This consists of salt rubs, cold packs, continuous flow of water into a tub, alternating hot and cold douches. In some cases, prolonged sleep (*Dauerschlaf*) under medication, and rest, seem to help. In recent years shock therapy (making use of insulin, metrazol, and electricity) has come into use in virtually all hospitals and sanitaria. Insulin, used with schizophrenics, and metrazol, used with manic-depressives, produce convulsions which leave the patient at least temporarily relieved as a result. Psychosurgery, the term for brain surgery in the insane, is used in near-hopeless cases in which all other methods have failed; and the percentage of recoveries is considered gratifying. In addition to these methods, well ordered hospitals and sanitaria use occupational therapy, music therapy, beauty culture, calisthenics, and various forms of recreation as aids in treatment.

In order to be admitted for treatment to an institution for mental patients, a disturbed (prepsychotic or psychotic) individual may apply for care on a voluntary basis, provided he promises not to leave without giving the authorities two weeks' notice. If he does not apply voluntarily, he is generally committed. His relatives or a social worker apply for a certificate to a physician familiar with the patient, and the certificate is filed with the county sheriff, who then becomes responsible for the delivery of the patient to the county hospital for observation. Before commitment, the patient must be brought before a county judge, who, in private session, goes over the psychiatric evidence, questions relatives, listens to a social worker's report, and, on the advice of a jury of psychiatrists, commits the patient for treatment at a public institution. When the patient shows signs of improvement, he is "paroled" to his relatives at their request.

The insane are neither devil-ridden nor criminal. An ignorant public often treats them as if they were the former. Psychotics are not "visited by devils." Their day-dreams may be more persistent than are those of more normal individuals. Their fears may be more magnified than are a normal person's. Their feelings of sadness may be deeper, and their elations may be less limited. At least a number of the insane could be prevented from reaching the final stages of their illness by help extended to them before they become completely isolated, or before their habit of isolation becomes completely fixed. Psychoses are not shameful diseases, for no disease is shameful. A good deal of public education is necessary to bring people to the realization that a psychosis must be treated like any other disease, though by special methods; that discharged patients must be helped to recovery by tolerance and sympathetic understanding, instead of being haunted by insidious references of family members, employers, or neighbors. Most of all, understanding is needed of the fact that at least the predisposing factors operating to produce insanity are preventable.

Insanity must be treated not only *like* a disease, but also *unlike* a crime. The vicious terminology of strait-jacket days is still with us. The terminology was used advisedly in the preceding paragraphs. We still speak of giving mental patients a "trial," "committing" them, "paroling" them. We still speak of "escaped" patients, instead of patients who have gone A. W. O. L. We still refer to mental hospitals as "asylums," places for weaklings who cannot control themselves. We still permit a judge to decide between sanity and insanity. The attitude in this regard must change. A patient who is emotionally and mentally disturbed is a sick person needing treatment, and as such is entirely the responsibility of psychiatrists, psychologists, social workers, psychiatric nurses, and hospital attendants.

Once this fact is accepted, we shall realize that we owe the psychotic better facilities than are now available. According to a study conducted by the Bureau of the Census,[3] state hospitals were overcrowded by 12.3 per cent in 1945 and 17.5 per cent in 1946. Some states, of course, reported no overcrowding, and some relatively little. Of those most overcrowded in 1946, this study reported overcrowding in Arizona by 58.4 per cent, in Louisiana by 57.4 per cent, and in Illinois by 50.1 per cent. It is estimated that from 130,000 to 191,000 beds are urgently needed throughout the United States for mental patients.

Approved standards for state hospitals, as well as Army standards, require one psychiatrist for 30-50 patients, and one nurse for 10-50 patients, depending on the nature of the illness. The actual ratio computed for 1945[4] was 1 physician per 298 patients and 1 graduate nurse for 183 patients. In some states the load is now twice as large as that given in the figures quoted. On the basis of standards developed by the American Psychiatric Association in 1946,[5] the deficit in hospitals for mental disease appears to call for increases of 74 per cent in the number of attending physicians (including psychiatrists), 92 per cent in the number of clinical psychologists, 80 per cent in psychiatric (graduate) nurses, 71 per cent in social work personnel, 87 per cent in dietitians, and 42 per cent in employees in other categories. Reports from 184 state hospitals in 1945 state that thirty-one states had no clinical psychologists and that five states had only one psychologist, while eleven states reported no social workers and ten states had only one psychiatric social worker.

If the situation in regard to hospitals appears in need of considerable improvement, the situation concerning out-patient psychiatric clinics appears to be equally in need of change. In 1944 there were 600 psychiatric clinics in twenty-three states. No type of community clinic for mental disorder was listed in twenty-five states. It is estimated that the need is for 1,300 clinics for child guidance alone. Even in colleges, the facilities along this line are far from sufficient. A survey of mental hygiene services recently covered 1,000 colleges. Of the 300 colleges responding, only 145 had psychiatric consultation, and only 90 offered courses in mental hygiene.

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[3] Series MP No. 13, April 3, 1947.

[4] Bureau of the Census Series No. 13, 1947.

[5] R. H. Felix, Psychiatric Plans for U. S. Public Health Service, *Mental Hygiene,* 30: 381–389, 1946.

The total cost of mental disease to the nation is estimated to be $777,000,000. Is this a great deal? Private hospitals operate on a budget of $8 to $20 a day per patient, while state hospitals for the insane average 71 cents per patient per day, and some drop as low as 40 cents. There has been need for some time, then, to increase budgetary allowances of hospitals to make possible expansion of facilities, an increase of personnel and a general improvement of the care available to mental patients.

The Problem of Neurotic Behavior. Everyone knows that, while a number of people may not be totally psychotic, or as we sometimes say "subject to institutionalization," they may nevertheless present serious emotional difficulties of a socio-personal nature. Such individuals may be diagnosed either as *neurotic* or *psychopathic.* In either case these diagnoses must be distinguished from the diagnosis of psychosis, and from each other as well. A psychotic is unaware of his conflicts, is content with his behavior, does not seek help with his problems, and lacks the ability to concentrate, perceive, judge, and reason adequately. Hence he gets into many and obvious difficulties which seem to be beyond his control. A psychoneurotic, or neurotic, on the other hand, is painfully aware of his conflicts (though not of their origin and meaning), is not content with his adjustment, and seeks help with his problems. His mental processes are essentially orderly, since he is able to concentrate, perceive, judge, and reason more or less adequately.

All neuroses contain an element of anxiety, but those known as *anxiety neuroses* possess special characteristics. They involve chronic fear reactions, breathlessness, palpitation, sweating, tremors, tense muscles, weakness, headaches, heart pains, gastric spasms, etc. While all people occasionally manifest anxiety, as for example when they face severe tests in the external world, anxiety neurotics show some degree of anxiety in all situations, since their fears are due not to the demands of the environment but to their own repressions, to the impulses that are denied expression.

The type of illness known as *compulsive-obsessive* neurosis was once known by the less obvious term *psychasthenia.* This neurosis is characterized by morbid fears, persistent, uncontrollable thoughts, and a repetition of meaningless acts, thoughts, or words. All of these spring from a strong disinclination or inability to make decisions. This, then, becomes the central point in the treatment of patients afflicted with the illness.

Conversion hysteria is another of the common neurotic patterns. In this illness, a frustrated impulse takes the form of a variety of physical symptoms designed to alleviate or avoid an unbearable conflict. Common manifestations of this illness are muscle paralysis, muscle incoordination, loss of sensitivity (to a greater or smaller extent), loss of special sensory functions, vomiting, diarrhea, convulsions, and mental dissociation. The symptoms of this neurosis are irrelevantly and inconsistently expressed. A revelation of the sources is feared by the patient; but when this is accomplished, the patient often feels compelled to abandon his symptom.

Reactive depression is a neurosis which should not be mistaken for the depression stage of manic-depressive psychosis. In the latter, the patient does not know the origins of his condition. He feels he is unaccountably happy or unaccountably sad, depending on the stage he is in, but he never knows why. Nor can anyone else see why. The patient in a reactive depression, on the other hand, has a clear and understandable reason for feeling sad. But he "overdoes" his sadness. He grieves too long or too deeply, and refuses to be consoled. Associated with the deep feelings of grief or sorrow, there are generally anxieties and physical complaints.

In the neurosis known as *hypochondriasis,* or *neurasthenia,* as it was once called, there is an unremitting state of fatigue. Any activity is exhausting to the patient, and concentration for any length of time is impossible. Sleep no longer relaxes him. Pressure sensations in the head and pains in the neck and spine are common. This is generally the result of continuous exposure to an insoluble situation, or a revolt against inevitable circumstances.

In all neuroses there is conflict. All of them manifest some form of anxiety, though the form it takes differs with the symptoms. There is, however, a condition termed "mixed neurosis." In this the symptoms are not clearly of one type. Hence, the problem here is not to ascertain what type of neurosis the individual presents, but whether indeed it is a neurosis or an incipient form of psychosis. Considerable experience and training are required to diagnose cases of this type. This is definitely no job for a layman.

The Problem of Psychopathy. There are personal maladjustments in which mental deficiency, insanity, or neurosis do not play a prominent part. This is not to say that these maladjustments are not mental. The feebleminded do not know how to participate in the life of the community. Psychotics may or may not know how, but they cannot participate to their own advantage or to the advantage of other people. Neurotics do know how, and are often willing to participate, but they are prevented by inner tensions from participating effectively. The types we are about to discuss are known as *psychopathic personalities.* They are said to be afflicted with "character disorders." They are not necessarily unable to participate in social life to advantage. They have adopted a pattern of life which seems to them to satisfy their needs, but is not adjusted to that of the society in which they live.

In discussing psychopathic types of personality, we must be careful to distinguish them from similar types that do not fall within the category of psychopathic behavior, though superficially they may display similar patterns of adjustment. Illustrations of this type can be found among individuals who appear to have departed from the norms of the larger, or even their own, neighborhood community. Individuals of this type are found among criminals and delinquents[6] and also among vagrants, mendicants, alcoholics, homosexuals, and even drug addicts who move within a culture of some kind, who do cooperate or compete, and who live by certain definite standards which they have adopted. These individuals have not necessarily experienced conflict about their behavior, and do not necessarily experience it in the present. Hence, they cannot be properly labeled psychopathic or even abnormal.

A typical psychopath is one whose adjustment no longer indicates conflict. While the psychopath does not give evidence of conflict, however, we may assume that he did experience conflict at one time. The psychopath's solution takes one of two forms: (1) that of dependency or (2) that of overcompensation. In the first type of solution, the individual develops intense guilt feelings. He assumes the attitude that others (his parents, society) have overprotected him, and in doing so have been more generous with him than his own hostility toward them justified. He thus cannot be other than submissive and dependent in turn. Mendicants, vagrants, and drug addicts of certain types belong in this category. They are known as "inadequate personalities." The second type of psychopath takes the attitude that others (his parents, society) have rejected him, and thus have become forever indebted to him. Hence he feels justified in becoming demanding and aggressive. Criminals of certain types belong in this group. They are known as "overcompensated personalities."

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[6] See *Chapter Fifteen,* "Delinquency and Crime," section on Differential Association.

A very small percentage of vagrants, criminals, prostitutes, alcoholics, and addicts are insane. A slightly larger percentage is probably neurotic—hypochondriac or compulsive-obsessive. A still larger proportion of them are individuals with character disorders (sometimes mislabeled "character neuroses"). These are—technically—psychopathic personalities or psychopaths. They stand midway between neurotics and psychotics. From a diagnostic and treatment point of view, they are worse off than neurotics, but they are not quite as badly off as are psychotics.

The Problem of Homelessness. The tramp and the bum, the first psychopathic types we shall consider, belong in the general category of homeless men. But not all homeless men are psychopathic. Homelessness, as such, takes the form of horizontal social mobility (to distinguish it from vertical mobility, which has reference to advancement in group status), or movement of individuals between or within groups in space. Social mobility itself may take varied forms. It may appear as a mass movement, for instance. Pressed by the need for space or food, moved by ambition for domination or conquest, driven by religious or racial persecution, people have moved in groups over long distances. The pilgrimages, the Underground Railroad before the Civil War, the gold rushes, the silver rushes, and more recently the migration of displaced persons in

Europe are examples of mass mobility and homelessness. Yet they are, of course, not examples of personal psychopathy.

There is a type of homelessness which involves family groups. The return of the desert to the western Dakota lands and the dust storms sweeping through Texas, Oklahoma, Oregon, and other states brought about large-scale family displacements. These displacements, so vividly described by John Steinbeck, involve farm families seeking new lands to till, new plots on which to stake their homes, new jobs promising survival. Before the war a million families, driven by housing difficulties in urban centers, took to trailer travel. The number of these trailer migrants is growing rapidly. Mexican immigrant families, streaming into the United States in increasing numbers, live in boxcars along railroad tracks, always ready to take up the trail again. These are serious social problems, but they are not examples of personal psychopathy.

Both mass and family mobility should be distinguished from individual mobility. There is a type of individual mobility which may be called "conventional." This, typically, is migration within and between groups. Peddlers and traveling salesmen come under this category. They represent a habitual, not a casual, type of traveling. These travelers intend from the beginning to return home, and ultimately they do so. They cannot thus be considered psychopathic in any sense. Another type of mobility is that of individualized, long-continued mobility, in which the individual does not plan to return home. In this type of adjustment, the individual has given up his status in the family and the community and, along with that, his responsibilities as a family man and a community member. So long as such an individual continues to wander, he has no status anywhere, for he does not attach himself anywhere. This type might be said to have gained his freedom, but to have lost his direction. Here, then, is a borderline type who may present some mental problems of social importance, if and when he faces certain conditions.

Individualized homeless men have been variously classified. One of the best classifications is that proposed by Nels Anderson, who has lived on the road among homeless migrants, and has written two books on the subject. Anderson classifies homeless men into seasonal laborers, migratory casual laborers, nonmigratory casual laborers ("home guard"), and bums. Obviously, again, traveling or casual local workers should be distinguished from psychopathic individuals who are unattached.

Characteristics of Psychopathic Vagrants. Judging from their educational achievement, at any rate, it is not possible to say that the average vagrant is feebleminded, although there are some feebleminded individuals among them. It is probable that most of them are neither schizophrenic nor manic-depressive in make-up. The majority of them, however, are individuals afflicted with personality disorders. These individuals find living without steady work relatively easy, and thus quickly lose what little ambition they have, as they join the unemployed, though probably employable, part of our population. The usual personality disorders found are restlessness, inability to concentrate, lack of social insight, and disregard for the rights of others—even other vagrants.

The hobo works at whatever jobs he can get: as dishwasher, waiter, porter, or janitor while in the city; as teamster, lumberman, harvester, or all-around farmhand while on the road. Migratory casual laborers, or tramps, do the same types of work, but do them less steadily, making movement rather than earnings their goal. Robbing boxcars and pilfering, forbidden by the hobo code of the road, is found occasionally among the so-called "tramps." Nonmigratory bums, the "home guard," prefer begging, either directly or under the guise of shoestring, razor-blade, or pencil selling. Some members of the "home guard" pretend to be sick, and use children to make a stronger sentimental appeal. The bums are the least adjusted of the homeless men. Many of them are alcoholics or drug addicts, or else old, helpless, unemployable men who gravitate between cheap lodging houses and the jail.

Genesis and Treatment of Vagrancy. A group of vagrants investigated by Minehan gave four reasons for their homelessness. Over 80 per cent gave economic maladjustment as their reason. Others mentioned trouble with a girl, fondness for travel, dislike for school, and conflicts at home. There is no doubt that mobility increases in periods of unemployment and wirespread distress. Since floating laborers are always in demand for work on bridges, railroads, irrigation projects, harvests, and so forth, unemployed individuals venture forth with the purpose of finding such employment. Some fields of agriculture and industry depend on a migratory labor reserve, and actually encourage it.

But noneconomic reasons figure prominently also. A crisis in the life of an individual may become a turning point for him. This is particularly true when he fails to make the necessary adjustment to meet the crisis. The latter may derive from quarrels at home, or it may be due to disturbances in status resulting from death, divorce, or separation. Sometimes a migratory career begins because the individual committed a socially disapproved act, and expected dire consequences. Homeless men are, typically, individuals who for one reason or another lost their status. From the time the individual becomes aware of his loss of status, he continues to deteriorate by degrees until he reaches the lowest stages. One does not, as a certain sociologist has put it, "become a full-fledged and self-satisfied social pariah all at once." We might add: One does not become a psychopathic personality all at once—nor as an inevitable result of the loss of status.

It is obvious from even this brief analysis of factors underlying vagrancy that the problem is not so simple as it often appears to many individuals concerned with it. Officers charged with law enforcement arrest every unfamiliar individual who looks suspicious. Since all migrants are bound to be unfamiliar, they are peculiarly liable to this type of treatment on the grounds that they may cause trouble. Employers in most industries avoid the migrant on the grounds that he is unaccountably lazy and undependable. Preachers are inclined to ascribe excessive mobility to the loss of religious influence and the unresponsiveness of the individual to moral doctrines. Educators stress lack of character training in the home and lack of specific vocational preparation.

There is no doubt that people who pull up their roots and abandon their backgrounds threaten the well-being of the nation. For the most part, the policy of noninterference with freedom of behavior has been followed in this country. The social work methods followed by some states in administering aid include getting all information available through observation and investigation before adopting some plan of action. If these were followed everywhere, more cases undoubtedly would be properly adjusted. But social workers treating individual cases cannot solve the problem completely. Improved housing and public hygiene, migratory schools, an unemployment service helping to decrease unemployment by directing labor to regions open to employment, subsistence farming, and vocational training are needed to solve the problem in a constructive and thoroughgoing way.

Genesis and Treatment of Mendicancy. Mendicancy, or begging, is only a minor aspect of homelessness. It need not be a part of that problem, and it exists largely as a problem in its own right. The homeless need not be beggars. Beggars are not generally homeless. However, in some respects these problems are alike. Beggars, like individualized migrants, are not necessarily feebleminded or insane, and they are certainly not criminally inclined, or they would not turn to begging as a way out of their difficulties. Many of them are considered psychopathic personalities of the inadequate type.

From the foregoing, the factors underlying many cases can be easily surmised. It is evident that many beggars labor under conflicts of a personal nature, and that mendicancy to them is simply one way of solving these conflicts. Failure in industry is sometimes at the bottom of such conflicts. Personality defects may precede these conflicts, but, at any rate, the conflicts precede the decision to turn to mendicancy. Shiftless individuals, oversuspicious individuals, and those maladjusted individuals who struggle against their neighbors and fellow workers, come to look upon mendicancy as the only solution to their need for isolation that is combined with security. Since they are seldom skilled workers, they quickly find themselves out of employment. With a growing sense of social dependence due to repeated failure at work, and inability to secure employment even with the aid of agencies, the potential mendicant arrives at the position where he is ready to trade his need for status for the easiest way of achieving security without work.

The effective treatment of mendicancy depends, first of all, on a change in existing social attitudes. In primitive groups, there could be nothing more simple than sharing belongings and products of the chase or agriculture. In a competitive economy, this approach is impossible. But people practice charity in an irrational way. They do not consider whether the group has agencies capable of providing for these maladjusted individuals. They do not stop to consider whether an economic system that leaves men unemployed and without visible sources of income is in need of mending.

Some form of advertising the means of organized society for dealing with inadequate individuals ought to be established. There is need for social security of the kind recently adopted, but applicable also to those who are not merely old but physically handicapped. There ought to be more employment opportunities for those handicapped who are willing, but unable, to get work. Some social agencies in large urban centers are operating shops for the handicapped and finding markets for their goods. This work, however, is still in its pioneering stage. Vocational training, in many cases, might be a solution. Successful, constructive work with discouraged, poverty-stricken individuals can prevent mendicancy, which affects the community no less than it affects the individual concerned.

The Problem of Alcoholism. Out of 50,000,000 Americans using alcohol, 3,000,000 are considered inebriates (excessive, compulsive drinkers) and 750,000 are regarded as alcoholics. If we consider that in 1940 the people of this country consumed over 1.8 billion gallons of beer, over 83,000,000 gallons of wine, and over 116,000,000 gallons of distilled liquor, the number of problem drinkers does not seem surprising. But when we consider that this number is equivalent to the total number of people afflicted with tuberculosis in this country, it seems substantial.

The amount of liquor consumed appears to be on the increase. The Distilled Spirits Institute, Inc., in its report published in 1947, announced that the 1945 quota of about 157,000,000 tax gallons was topped by the 192,000,000 tax gallons of alcohol consumed in 1946. This is an increase of 22.4 per cent. It is interesting that this increase occurred in spite of the fact that it was the dry, not the wet states, that gained in population during this period. In 1945, 18.9 per cent of the population resided in "dry" states, while in 1946 this figure rose to 19.1 per cent. This represented a gain of 285,309 individuals. It was, then, in spite of the fact that 285,000 people had moved from the "wet" states that the increase in alcoholic consumption was noted.

Effects of Alcoholism. Alcohol has been variously regarded as a drug, a food, and a poison. As a drug, it is little used in modern medicine. As a food, it appears to have disproportionately high caloric value. Beer is rich in vitamin B, but this value is present in spite of, rather than because of, its alcoholic content. As a poison, it is effective when taken in sufficient quantity. There is no evidence that it necessarily shortens life, that is that it acts as a poison. A study made at Johns Hopkins Hospital by Raymond Pearl[7] on the basis of 7,500 cases has shown that moderate drinking does not affect the span of life. According to some medical authorities, however, excessive drinking, by hardening the arteries, affecting the liver, and so forth, definitely shortens life. The span of life of habitual, excessive drinkers is shorter than that of moderate drinkers or nondrinkers.

Psychologically, alcohol leads to double vision, narrowed or so-called "tunnel" vision, and color blindness. It shortens the range of sight for these reasons. It also increases the time needed to make decisions. It impairs judgment, and delays hand and foot action. It leaves a profound effect on memory, greatly diminishing recall of recent events. It produces evident disorientation in time and place. Experiments show a great loss of efficiency due to alcohol. Speed declined 39 per cent and accuracy 72 per cent with only four glasses of beer or two highballs, in certain experiments performed at the Carnegie Institution of Washington. Finally, alcohol reaps a fruitful harvest in mental disorder. About twenty-five years ago alcoholic psychoses were responsible for 10 to 12 per cent of admissions to hospitals for the insane. Figures for four years, reaching a peak in 1945, show an increase to 20 per cent. If we limit the figures to those aged 30 to 60, this figure rises to 40 per cent.

On the social side, we find alcoholism no less a problem than it is physically or psychologically. While children cannot inherit alcoholic tendencies, they may be poorly nourished and develop inferior constitutions more or less as a result of their parents' addiction. Then, too, they are invariably victims of neglect and abuse. The family usually suffers from a lack of the means of subsistence, because of the growing inefficiency of the provider and his loss of earning power. Family life is often broken up or otherwise adversely affected. About 25 per cent of the families dependent on alcoholics become relief cases. Accidents are shown, according to statistics, to multiply as a result of heavy drinking. Property destruction is common among alcoholics. There seems to be some justification for thinking that alcohol predisposes individuals to criminal behavior. This does not mean that alcoholism could be regarded as a cause of such behavior. By reducing normal social inhibitions, by perverting judgment and reasoning, and above all by releasing feelings of aggression, alcohol helps the criminal operate more readily. In this sense, it is an adjuvant, if not a cause, of crime.

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[7] R. Pearl, "Alcohol: Biological Aspects," *The Encyclopedia of the Social Sciences*, The Macmillan Company, New York, 1930.

Causes and Treatment of Alcoholism. Alcoholism is considered a problem only when it is both chronic and excessive. The line of demarcation between moderate and excessive drinking is not easy to draw, because of the differing effects small quantities of alcohol have on different individuals. Basically, this line divides alcoholic consumption that carries social meaning from that which is intended only to relieve the individual's physiological or psychological cravings.

What makes these cravings so strong, so persistent? In his childhood, the alcoholic was neglected or unloved or overprotected by his parents, but he was not treated normally. The result is an overly sensitive individual, too concerned with the weight of his problems, full of resentments and antagonisms, unable to make lasting decisions, and unable to borrow strength from the judgment of others. Insecure, dependent, emotionally infantile, and obsessed with fear, guilt, and shame, the alcoholic seeks to escape his problems through drink. He succeeds not only in doing that, but also in losing the meaning of life. What he gains is a feeling of irresponsibility. For a while, this may suffice. When it no longer can suffice, the alcoholic is too far gone to need anything.

What is the treatment of the alcoholic? The mayor of a Massachusetts town announced, as late as 1938, that he would order all drunkards "ensconced in a tiger cage on wheels, and drawn through town behind a paddy wagon, until they can say 'truly rural' without hiccoughs or other punctuation marks." The town, founded in the seventeenth century, has seen sterner treatment imposed on such people in the form of wooden stocks in which the hands and feet of the culprit were pinioned, while the victim was jeered and scoffed at by the rest of the community. Today, however, other approaches are considered preferable.

Everything from preachment to shock therapy has been tried in recent years in the treatment of alcoholics. Fundamental to success in any treatment is the desire of the alcoholic to recover, and the belief on his part that he can. He needs reinforcement of his weak ego-strength in order to turn his desire for alcohol into a desire for conquest over alcoholism. In some cases, a discussion with the doctor about the harmful effects of alcohol on the organism may suffice, but such cases are rare indeed. Fellowship and the drive to help others overcome an illness may accomplish results, but instances of this type do not set the rule for all alcoholics. A deep search for basic needs (emotional dynamics) is necessary in most cases. This requires psychotherapy.

In about one hundred one-hour interviews spread over a year, a psychiatrist may establish basic factors. The physical condition of the alcoholic, however, will require attention first. Then he must be taught to achieve relaxation in order to relieve the tensions he experiences. He must acquire new interests. Hobbies and new nondrinking friends may help. Unhappiness at home or in work relations must be remedied or removed. Hunger and fatigue need watching. These sensations are notorious for their influence on the alcoholic. In the final analysis, the patient must be taught to face reality, and to adopt a new life orientation. This means that his insecurities arising from frustration feelings should ultimately disappear. All infantile reactions, particularly those connected with the oral needs of the child in his early life, must be reevaluated. Feelings of guilt, inferiority, and shame must be understood and replaced by other attitudes. A new meaning of life is the only thing that can replace the need for meaningless exuberance and hilarity, and for a complete temporary escape from life's demands and responsibilities.

Along public treatment lines, we have the WCTU advocating legislation, both local and national, to forbid the manufacture and sale of alcoholic beverages. The Bratt Plan (named after Dr. Ivan Bratt) of Sweden consists in several provisions for the control of liquor distribution: (1) passbooks issued to individuals, (2) control of profit to producers (only 5 per cent allowed), and (3) elimination of taverns by requiring that liquors be sold only in restaurants with regular meals. This plan has been found exceedingly effective in Stockholm, Sweden. Finally, there is the organization known as *Alcoholics Anonymous,* a fellowship of men and women who have learned to control alcoholic cravings by practicing a certain program of daily living. It is a nondenominational mutual aid society, without an organizational set-up and without dues or assessments. Yet, in a sense, the "initiation fee" is greater than that of any club or organization in the world, since its members must have spent thousands of dollars on alcohol before becoming eligible for membership.

Drug Addiction and the Addict. Narcotics were known centuries ago. There is evidence that the Chinese emperor Shen-Nung, in the twenty-eighth century B.C., taught the people to cultivate hemp for its fiber-yielding hashish, one of the habit-forming drugs. The Egyptians and the Persians used narcotic drugs. Virgil refers to the opium poppy in the *Aeneid.* Among primitives, the effects of narcotics have been well known. Their use and recognition are propagated among primitives for recreational purposes. The effects of narcotics are regarded as supernatural and associated with various magical rites. Of all the narcotic drugs leading to addiction, those of greatest importance are (1) opium and its derivatives (morphine, codein, heroin, and so forth), obtained from the seed capsule of the poppy; (2) cocaine, produced from a South American plant; and (3) hashish or locoweed, and the notorious marijuana (or marihuana), derived from Indian hemp grown in Mexico, the United States, and elsewhere.

Recent estimates of the amount of drug addiction vary from 100,000 to 1,000,000 addicts in the United States. China was reported to have had over 2,500,000 addicts at one time, but this number is known to have diminished considerably in recent years. A study of 2,500 addicts in Chicago disclosed that the modal (average) age of the addict was 30–34. Less than 8 per cent were under 25. Addiction was found to have begun usually at ages 20–29. One-third of the addicts reported a history of 5–14 years' addiction; another third reported 5 years; and the last third claimed to have used the drug (opium) for 15 years or more. Educationally, 69.5 per cent had less than an eight-year grammar school education, as over against 61.5 per cent for the general population. The majority of the addicts were native white Americans. However, Negroes made up 17 per cent of the group, though they are only 7 per cent of the total population. Occupationally, 30 per cent of the group belonged to the domestic and personal service category. It is a significant fact that three-fifths of all known female addicts were found to belong to this occupation. There was an excessive proportion of single males and divorced females in this group.

Genesis and Treatment of Drug Addiction. This problem is more serious than alcoholism. Narcotics are habit-forming to an extreme degree, and they have a powerful effect on the organism, for as time goes on, the quantity used must be continually increased. The precipitating addictions are generally traced either to medical prescriptions offered to ease pain and suffering, or to self-administration of drugs under tempting conditions. These conditions may be provided by an associate or someone commercially interested in disposing of the product. The reason for continuance is difficult to state. Of course, from a physiological standpoint, it is possible to say that a conditioning takes place. Psychologically, we can explain it in terms of habit formation growing out of mental conflict. Sociologically, the most interesting theory is that of Lindesmith,[8] who holds that not all individuals exposed to a given drug become addicted to it. A satisfactory theory, of course, must explain this fact. The factor which accounts for the continued use of the drug appears to be the knowledge, culturally spread, that the withdrawal of the drug will cause great suffering. It is with the view to preventing the distress which the addict knows will occur that he continues to cultivate the habit.

It is inaccurate and somewhat futile to talk of the personality traits of all drug addicts as if they made up a single group of uniform character. Those under the influence of heroin and morphine, for example, may change from drunken, fighting men to sober, cowardly, nonaggressive idlers. On the other hand, marijuana renders the individual recklessly aggressive, and leads to impulsive behavior of which he is normally incapable. There are a few traits, however, which may be said to belong to drug addicts taken en masse. One of these is that they are all generally uncooperative, untrustworthy, and relatively helpless. They must all alike be considered diseased individuals. They are inadequate emotionally, and all of them possess notoriously poor judgment. Realizing that they are dependent on the drug, that relief is only temporary, and that they are outcasts socially, they become quickly discouraged and reconciled to their position. They generally suffer from digestive disturbances and lack of sound sleep. Deprived of their favorite drug, they manifest restlessness, depression, perspiration, nausea, cramps, nervous exhaustion, and even physical collapse.

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[8] A. R. Lindesmith, "A Sociological Theory of Drug Addiction," *American Journal of Sociology*, 1938, 43: 593–613.

The users of narcotic drugs may be feebleminded, of normal intelligence, or even of superior intelligence. They may be rich, or utterly poor. The problem of treatment is the same for all of them. Various measures have been tried to enable addicts to regain control of themselves, and with it normal status in society. For the most part, little more than temporary relief has been achieved. The majority of the addicts are regarded as incurable. When the habit is associated with mental conflict, it may be said to be an aspect of the individual's failure to make good in the race of life. As such, it cannot be removed by changing the condition of the organism as such. Changing the environment, in order that the addict may have an opportunity to start over and achieve a measure of success, is more promising. That alone, of course, is insufficient, because there is an organic condition to overcome. The dosage must be gradually reduced. Excellent physical fitness must be brought about in order that the anxiety resulting from a lack of customary doses may be more easily tolerated.

The government of the United States is probably the only government in the world which has recognized drug addiction as a problem for Federal control. There are two hospitals maintained by the United States government: one at Fort Worth, Texas, and the other at Lexington, Kentucky. Together they can accommodate 2,000 patients. Sympathetic, competent treatment is given at these hospitals. But their influence will be far from sufficient as long as the drug traffic is allowed to go on virtually unmolested. There is, theoretically, international cooperation between countries producing narcotics and those importing them. Yet much remains to be done in terms of local, no less than international, control.

Other Types of Maladjustment. The variety of personal maladjustments is very great. Those described so far are among the most important, but they do not by any means exhaust the list of maladjustments. Among maladjusted personalities of the psychopathic type not listed we might mention those persons whose difficulties revolve around sex as a form of human behavior. Many prostitutes, perverts, and pimps or procurers are among the individuals we could mention here. Fundamentally, these individuals have developed attitudes of an emotional nature in and around the area of sex. Using sex as an outlet for emotional security drives, they seek to capitalize on a form of behavior which is rigorously repressed by society, and which is yet a source of curiosity and an outlet for variously maladjusted individuals in the general population. What we find in the field of sexual maladjustment, then, is a group of maladjusted individuals of the psychopathic type developing an industry designed to exploit for financial gain other emotionally maladjusted individuals. Technically, this group of psychopaths belongs within the general category of criminals or delinquents, since their activities are prohibited by law and punished when established in our courts. However, the nature of their crimes, and especially the source, frequently require special consideration in the general area of psychopathic behavior.

The Treatment of Personal Maladjustment. The question of who should offer treatment is often brought up. A person having mental difficulty is often likely to confide in his physician. Physicians usually offer treatment in the form of suggestion, reassurance, or sedative medication. Ultimately, general practitioners refer patients to psychiatrists, who are physicians specializing in the treatment of nervous and mental disorders. For the organic psychoses, for functional psychoses, and for the neuroses accompanying or accompanied by physical (psychosomatic) diseases, the patient is best directed to psychiatrists. Psychiatrists employ relationship therapy, supportive therapy, insight therapy, and milieu (environmental) therapy.

Occasionally, patients with prepsychotic conditions, or neuroses, or behavior (character) problems apply for treatment to psychoanalysts. These are generally psychiatrists who use special methods to investigate the unconscious development of the patient's symptoms, and thus achieve a removal of his basic conflicts and adjustments on a higher level. Finally, patients with neuroses or character disorders, as well as normal persons in conflict, often find relief through the help of clinical psychologists. The latter use tests to establish the nature and depth of the mental disorder, and then proceed to use the so-called "non-directive technique" or other methods available, in re-educating mentally disturbed individuals. Psychologists do not generally accept for treatment either psychotics or patients with some type of organic difficulty.

There are at present 4,432 psychiatrists who are members of their national association. There are 1,500 clinical psychologists who are accepted by their national association. There are 3,000 psychiatric social workers who assist psychiatrists and psychologists. In 1945, there were 2,583 psychiatric nurses in state hospitals. But the need is much greater than the available supply. There is immediate need for 10,000 to 14,000 more psychiatrists, and for no less than half that number of clinical psychologists. The need is for 4,500 to 10,000 social workers, and for about 5,000 psychiatric nurses.

There is also need for more thorough training of physicians in general along lines of mental treatment. Only 1 to 5 per cent of the medical curriculum is devoted to mental disorders, while an estimated 30 to 50 per cent of all cases seen by medical practitioners are principally emotional problems. There is also need for research, researchers, and research funds in the general field of mental disorders. At the time of this writing a sum of $94 per patient is available for research in the field of infantile paralysis, $22 per patient in the field of tuberculosis, and $8 per patient for cancer.

In sharp contrast to these figures, the amount available for research on mental patients is only 87 cents per patient.

Prevention of Personal Maladjustment. It has been estimated that there are 8,000,000 (6 per cent of the population) mentally ill individuals in the United States. This means that at least one of each thirteen Americans will require hospitalization at some time in his life. The seriousness of the situation was revealed in the course of World War II, when 15,000,000 men were examined for the armed services. Of these, 4,857,800 (or 38 per cent) were rejected at induction centers for neuropsychiatric reasons. Over 8,750,000 were accepted as physically and mentally fit. But of these, too, on last count, 1,125,621 were discharged for neuropsychiatric reasons. This was 34 per cent of the total discharged for medical disability. Not all of these were psychotic. Some of them were neurotic, psychopathic, or mentally deficient. But the extent of the loss due to mental disorders was appalling.

These figures have aroused public opinion, and have already brought about some remedies. One of the most constructive steps recently taken was passage of Public Law 487, known as the National Mental Health Act, passed by the 79th Congress, and signed by the President on July 3, 1946. This Act does not furnish Federal funds for the care of patients. That function is largely left to the states, although there are Federal facilities also. The Act set up a National Advisory Mental Hygiene Council, appointed by the President, and composed of specialists who are responsible for implementing the provisions of the Act. The provisions are: (1) that the national government foster and aid research relating to causes, diagnosis, and treatment of mental illness; (2) that a research institute be erected and equipped for experiment and specialized training; (3) that grants for research be afforded other research centers; (4) that personnel needed in the mental hygiene field be trained; and (5) that mental hygiene clinics be established through grants to localities deprived of proper facilities for diagnosis and treatment of persons with mental problems.

The prevention of personal maladjustment depends on early diagnosis. It includes early and proper attention to vocational and educational needs. This entails psychological guidance in the early stages of our educational plan. It calls for premarital guidance as a requirement similar to physical examinations at this time. It involves facilities for marital and parental guidance in all sizable communities. It requires opportunities for play therapy and other techniques employed with children. It necessitates the use of group therapy, that is, treatment of personal problems on a group basis, a technique found useful and developed in the services during the last war. In the last analysis, it means a recognition and utilization of the known principles of mental hygiene.

Mental hygiene has reference to those principles of preventive treatment which may be expected to reduce the incidence of mental disease. It refers to the combination of both social and individual facts that will lead to this result. In a general way, we may say that anything promoting social health, social welfare in the larger sense, better housing, more recreation, better educational facilities, and so on, is of help. The establishment of clinics and the treatment of the young before mental disease has had a chance to develop is strongly advocated by those who are concerned with this problem. Proper vocational guidance of the young is a preventive measure. Personal freedom, consistent with security, is a preventive principle of great significance.

On the individual side, the first problem is to strike a balance between altruism and individualism. Prolonged self-gratification is possible only through the satisfaction of others. Denial of present pleasures often means larger future gratifications. This does not mean that one must escape from oneself, evade emotional promptings, or refuse to admit that there is a problem to be faced. One must learn to be honest with oneself, and profit by one's own as well as other people's mistakes. One must not refuse to consider defeat as final when it comes, or try to explain it away on some fictitious ground. The desire to conquer, not to give up, is eminently worth while, but one must know when to stop. Tolerance for others, patience, and a sincere desire to improve oneself, without admitting necessarily that one is inferior to others, is essential to the acquisition and retention of one's mental health.

A mentally well individual feels accepted, and has social status (social standing) somewhere. He has the ability to recognize what others like to talk about and what others like to do, and thus can get along with them. He has learned to like being with others. He can sympathize with others, and stands ready to cause himself some inconvenience to help others in need. He is considerate of others—not sarcastic or "bossy." He is not eager to "show others up." He does not flare up when others unintentionally do something he does not like. He does not impose on others without wanting to reciprocate their favors. Social adjustment also involves the development of those skills which make social activities enjoyable: conversation, dancing, and social games. Finally, it means learning to rely on one's understanding of other people, their motives in behavior, for an adjustment of one's own attitudes. Every well-adjusted individual is a lifelong student of his own personality and the personalities of other people.

TERMS TO BE UNDERSTOOD

mental age
I. Q.
idiot
imbecile
moron
anxiety neurosis
compulsive-obsessive neurosis
functional
organic
schizophrenia
hebephrenic
catatonic
manic-depressive
predisposing factors
precipitating factors
psychosis
mental hygiene
psychopathy
eugenic treatment
hobohemia
euthenic treatment
escape from reality

QUESTIONS FOR DISCUSSION

1. Distinguish between neurosis and psychosis. Point out to what extent they are alike or different.
2. Show that the I. Q. is a ratio. Estimate I. Q. based on the following data: C. A. (chronological age), 15: M. A. (mental age) 15; C. A., 10, M. A., 15; C. A., 10, M. A., 10.
3. Give the traits of a case of "true paranoia" and explain the social significance of this disorder in terms of historical events.
4. To what extent are the rationalizations of the mendicant false and to what extent true?

5. Show how mental conflict enters into alcoholism and drug addiction.
6. Discuss the outlook for prevention of (a) feeblemindedness, (b) insanity, (c) vagrancy, (d) mendicancy, (e) alcoholism, (f) drug addiction.
7. Differentiate between predisposing factors and precipitating factors.

FOR FURTHER STUDY

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Chapter Fifteen

DELINQUENCY AND CRIME

Crime Defined. Theoretically, a crime is an act opposed to the established attitudes of the group, as defined by ordinance, statute, or Federal law at a given time and place. Every crime involves a social situation, and the group's definition of that situation. Every group determines what types of social values, implied in social situations of various kinds, are essential to its welfare and thus worthy of defense. When these values are threatened, the group uses force to protect itself. The group's values may change from time to time, and thus its laws (or modes of defense) may also change. But at any given time and place, the group's definition of the social situation, in the light of its values, does tend to prevail.

To say that a criminal act is one that somehow threatens the group's existence by a violation of existing values is not to say that for this reason all individuals within a given group agree on what constitutes a crime. To the community as such, to the average citizen, not every violation of group standards, or breach of the peace, constitutes a crime, whether so defined in law or not. A violation of a law must also be a violation of the mores for the average citizen to regard an act as criminal. To a psychologist, an act is a crime if it is premediated and conscious, and based on uncontrollable hostility of a kind that threatens the community as well as the individual offender. To a social worker, an act is a crime if it interferes with group values to a point where the group itself and the worker cannot correct it. The police regard an act as a crime if and when it is a breach of the peace to such an extent that someone can and will press court action. To a judge, a crime is an act that is explicitly described in an ordinance, statute, or Federal law.

These differences of attitude are of practical, not merely theoretical, importance. They should be remembered later, in connection with statistics offered on crime. These statistics represent only those criminal acts which have been defined in ordinance, statute, or law, and which have been handled by police and courts. They do not represent those numerous violations of group standards which have been treated outside of courtrooms and without the aid of judges and police. Furthermore, they would be differently interpreted by different social agents and agencies.

Criminals and Delinquents. By and large, our laws, police, and (to a lesser extent) judges concentrate primarily on situations in which crimes occur, rather than on the nature of the individual who commits the criminal act. However, a distinction that is embodied in the laws of most states today is the difference between criminality and delinquency. The theory of the law is the same for all offenders, regardless of background, but not regardless of age. The application of the law differs with the age of the offender. The younger he is, the more inclined judges are to take him into custody for his own benefit, no less than for the good of society. Sociologically, the distinction between criminals and delinquents is unsound. Both delinquents and criminals represent socially maladjusted individuals who require treatment for their own sake as well as for the sake of society. This fact will become increasingly evident as we go into the subject before us.

Extent and Cost of Crime. Everyone is interested in how much crime there is in his country and community, how much it costs us in purely monetary terms (not to mention others), and whether it is increasing or decreasing. Remembering the limitations imposed in the first section of this chapter, we cannot be too sure of our statistics. However, it has been estimated that there are 4,300,000 criminals in the United States at present. Not all of these, of course, are imprisoned. In 1946, 19,000 criminals were confined in Federal institutions, 110,000 in local jails and workhouses, and 118,000 in state penal institutions. This makes a total of nearly a quarter of a million men and women in confinement, but it does not tell us how many criminals there are in the United States.

The annual cost of crime, not limited to those in confinement, is estimated to range from $10,000,000 to $18,000,000. This is about three times the appropriation for the national work-relief bill of the New Deal era, and many times the cost of all education in this country in any recent year. Included in this estimate are the cost of administering criminal justice, private expenditures for protection against crime, and losses due to the waste of labor of both prisoners and law-enforcement officers.

What is the trend at the present time? In 1925, there were eleven times as many murders in America as there were in England. At the same time, the United States counted twenty-seven murders to every murder committed in Holland. Not only that, the United States had seven times as many murders as the entire continent of Europe. While differences in population entered into the first two comparisons, they were of significance in the second comparison only in emphasizing that we had more than twenty times the number of crimes that the Europeans had for populations of similar size.

The crime rate kept rising until 1933, which became the red-letter year for crime frequency in the United States. Although some of the rates remained the same, and some decreased in size, the number of homicides for the entire country reached its highest total, namely 12,123. This meant that Americans were slaying each other at the rate of 1,000 per month, or 250 individuals per week! In Chicago alone there was an increase of 60 per cent in major crimes at this time as compared with previous years. Gangsterism and the violation of the Prohibition law had, of course, a great deal to do with this; yet neither of these could be considered directly causal, as we shall see later on. In terms of rates of criminality, Milwaukee, Detroit, Chicago, St. Louis, New Orleans, and Jacksonville showed notable decreases by 1936. On the other hand, Memphis, Nashville, Mobile, Denver, and Seattle showed substantial increases. New York City, Boston, Cleveland, and Los Angeles remained relatively unchanged.

As we survey the crime trend in the towns and cities of the United States over the ten years of 1939–1945, we find that in some respects there was a decline, and in others a rise, in crime rates. An examination of TABLE XXVII shows that there was a definite decline in criminal homicide over this period. In regard to robbery, there has been virtually no change. However, in aggravated assault, burglary, larceny, and auto theft the increase was substantial and significant.

From the figures in TABLE XXIX, we get some indications of a more uniform trend, but this is confined to the first six months of 1945 and the same period in 1946. Here, for both rural areas and urban areas, there appears to be a shift toward more crime. It is of some interest, however, to observe the trend in increase as between the city and the country. In burglary, and even in manslaughter by negligence, the percentage increases are almost identical. In regard to murder and non-negligent manslaughter, the increase clearly was greater in the city. Interestingly enough, however, with respect to rape, robbery with a gun, aggravated assault, larceny, and auto theft, the country leads the city, so far as *apparent increase* is concerned. But this, it must be remembered, may mean that the rural areas attract *city* criminals, who find the countryside less well policed. Above all, one must bear in mind that these are rates, not actual figures. In point of volume, or on a per capita basis, the city still leads the country in amount of crime.

TABLE XXVIII

SELECTED MAJOR OFFENSES KNOWN TO POLICE IN CITIES AND TOWNS, 1936–1945[*]

(Rates per 100,000 population)

Year	*Homicide (Criminal)*	*Robbery*	*Aggravated Assault*	*Burglary*	*Larceny*	*Auto Theft*
1936	11.5	55.7	46.2	311.5	716.7	213.7
1937	11.8	59.8	45.5	325.4	780.0	215.6
1938	9.9	59.3	44.5	340.2	849.2	188.2
1939	9.8	55.2	46.5	349.6	899.1	178.0
1940	9.8	52.5	45.8	348.4	926.3	174.6
1941	10.0	49.4	48.4	332.0	944.0	188.5
1942	9.5	47.1	52.1	294.8	906.0	167.6
1943	8.2	45.3	49.7	300.9	829.4	187.8
1944	8.7	43.8	54.8	305.2	819.0	213.0
1945	9.9	54.3	59.8	359.3	889.9	241.5

[*] *Uniform Crime Reports*, 1946. Based on data obtained by the FBI from 5,531 reporting police agencies. These figures cover largely urban criminality (in centers of 25,000 and over). The computations are based on the 1930 Census. They do not include offenses in the military services nor offenders who escaped prosecution.

Age and Sex of Delinquents and Criminals. It is of some importance to recognize to what extent crime is influenced by such factors as age, sex, heredity, economic status, human ecology, family influences, differential association, and psychological attitudes and conflicts. These factors are discussed in subsequent sections, in the order listed. In this section, we turn first to the factor of age.

TABLE XXIX

CHANGES IN CRIME RATE IN RURAL AREAS OF THE U. S. AND IN 1,997 CITIES WITH A TOTAL POPULATION OF OVER 66 MILLION*

Nature of Offense	*Change in 1946 Rural*	*Change in 1946 Urban*
Murder and nonnegligent manslaughter	20.9% gain	28.5% gain
Manslaughter by negligence	22.9% gain	19.2% gain
Rape	8.3% gain	1.6% gain
Robbery	48.4% gain	31.8% gain
Aggravated assault	23.8% gain	10.0% gain
Burglary	17.9% gain	17.0% gain
Larceny (except auto theft)	13.0% gain	9.8% gain
Auto theft	34.3% gain	15.5% gain
TOTALS	19.6% gain	13% gain

* These percentages are based on rates representing a comparison of trends in the months of January to June, 1945, and the same months in 1946. The rates are combined from tables in "Social Statistics," Supplement to Vol. 11 of *The Child,* Federal Security Agency, Washington, D. C., November, 1946.

About 1938, the head of the FBI announced that the largest number of individuals arrested and charged with serious crime is of the age group 14 to 22, the most frequent age being 19; with 21, 22, and 18 next in frequency. This is partly borne out by the fact that, for some time, 75 per cent of the prisoners in Sing Sing have been under 21 years of age. It is not entirely supported by statistics obtained from 374 courts in the United States in 1945. In that year, 122,851 children passed through these courts. As seen in TABLE XXX, 54 per cent of these offenders were between the ages of 14 and 16. The average age of the offender in the United States, hence, is lower than that of a decade ago.

Second, we shall discuss the factor of sex. TABLE XXX, already mentioned, shows that approximately four times as many boys as girls are brought into court. TABLE XXXI indicates that boys and girls show similar frequency of criminality in such charges as "being ungovernable," which means being in conflict with their parents and possibly relatives. In sex offenses, girls exceed boys, so far as charges are concerned; but this certainly does not mean that boys are less frequently guilty in such respects. In all other types of crime, listed in TABLE XXXI, the boys lead the girls by an overwhelming majority.

TABLE XXX

AGES OF CHILDREN REFERRED TO 374 COURTS IN THE U. S. IN 1945

Age		*Number*			*Per Cent*	
	Total	*Boys*	*Girls*	*Total*	*Boys*	*Girls*
Under 10	4,172	3,763	409	3	4	2
" 12	8,032	7,311	721	7	8	4
" 14	18,362	15,558	2,804	17	17	15
" 16	40,872	32,645	8,227	37	36	43
Over 16	38,977	32,158	6,819	35	35	36
Unreported	12,436	9,805	2,631			

Source: "Social Statistics," Supplement to Vol. 11 of *The Child*, Federal Security Agency, Washington, D. C., November, 1946.

TABLE XXXI

REASONS FOR REFERRING JUVENILE DELINQUENTS TO 374 COURTS IN 1945

Reason	*Total*		*Boys*		*Girls*	
	No.	*%*	*No.*	*%*	*No.*	*%*
Stealing	40,879	37	38,610	42	2,269	12
Carelessness or mischief	19,241	17	17,779	19	1,462	8
Traffic violations	9,852	9	9,659	10	193	1
Truancy	8,681	8	6,164	7	2,517	13
Being ungovernable	9,840	9	5,542	6	4,298	22
Sex offense	5,990	5	2,579	3	3,411	18
Injury to person	3,224	3	2,828	3	396	2
Other reasons	4,925	4	3,858	4	1,067	5
Unreported	10,912		8,569		2,343	

Source: "Social Statistics," Supplement to Vol. 11 of *The Child*, Federal Security Agency, Washington, D. C., November, 1946.

Statistics for adults show that, in proportion to their incidence in the total population, twenty times as many males as females were recently to be found in state and Federal prisons and reformatories. They also show that divorced and separated women commit a larger number of crimes, by sizable margins, than do unmarried women; that divorced and separated women commit more crimes than do divorced or separated men, and that married people are less frequently involved in crime than are unmarried people.

Both age and sex point to significant elements in crime. Both show that where there is greater maladjustment, criminality is also greater. Thus, the age at which the individual suffers the greatest social strain, when adjustment is most difficult (14–22), when one is no longer a child and not quite a man, is the age of highest frequency of criminality. The same holds true for sex. Those of the male sex, in our culture, are most immediately engaged in competition, more actively involved in the struggle for life and achievement, and thus are more often found among criminals than are those of the female sex. They take greater risks because they have higher stakes. Where, however, women are by comparison so situated socially that they must meet larger social obligations (as do divorced and separated women), there too we find a larger number of offenders. The predominance of divorced and separated women among criminals, as compared with divorced and separated men, is further support of the hypothesis just given. The women of this group are more definitely uprooted than are the men. The men's social world remains moderately intact. The higher incidence of crime among women in this group, then, is due, again, to a greater demand for social readjustment than is found among the males. We shall return to sex and age factors in considering the psychological meaning of crime.

Hereditary Factors in Criminal Behavior. Is heredity a cause of criminality? Are criminals "born that way"? Lombroso, an Italian criminologist, claimed that criminals were less sensitive to pain, and more subject to epilepsy, than normal individuals. He found them to have asymmetric crania (misshapen skulls), longer lower jaws, flattened noses, scanty beards, and abnormal pain receptors. Charles Goring, a physician and English prison official, carried out measurements similar to Lombroso's on more than 3,000 English convicts over a period of eight years, which he compared with the measurements obtained on a noncriminal group of English citizens. This he followed by measuring the graduates of Oxford and Cambridge universities, and comparing the averages obtained. The results proved that the cranial measurements of criminals differed as much from those of the general population as the measurements of the two university groups differed from each other. Goring's results, announced in his famous treatise, *The English Convict,* published in London in 1913, were, for some years, considered conclusive of the absence of physical differences between criminals and noncriminals.

Earnest Hooton, anthropologist at Harvard, repeated Goring's study with 17,680 criminals in the United States.[1] Hooton's conclusions are more in keeping with those of Lombroso than with those of Goring. Hooton has shown that criminals as a class are shorter and lighter, for one thing. Also, they have smaller heads and chests, lower foreheads, narrower faces, shorter noses, and sparser beards and body hair than the average person in this country. Murderers, according to Hooton, have broader jaws and narrower, lower heads. Rapists have the shortest stature of all criminals. Forgers, as a group, are in no wise different from the rest of the normal population, but they are the only exception in Hooton's researches.

Soon after Hooton had published his results, Ales Hrdlicka, anthropologist at the Smithsonian Institution, announced that his long efforts to find a criminal type convinced him that there were *no* physical criteria for distinguishing potential criminals. There may be a criminal facies—a combination of the facial expression, body build, and motor behavior. "That," he said, "may be sensed but not proved; and, in any case, there will be numerous exceptions." Hooton's conclusions, then, appear to be a reversion to Lombroso's discredited theory. They do not seem incredible, however, if we regard them as *indirect* and *possible* factors in a criminal career. They may be accepted as showing that criminals, as a group, possess inferior organisms, and are not perhaps as well built or as handsome as are well-adjusted individuals. From a sociopsychological point of view, physical form, though a product of heredity in large part, may help or hinder social adjustment. Insofar as it hinders adjustment, it facilitates, even if it does not assure, maladjustment. Individuals like Steinmetz did succeed. The hunchback of Notre Dame, whether mythical or real, proved the capacity of human monsters to perform noble deeds. On the other hand, "Babyface Nelson," Martin Durkin, and even Dillinger became notorious criminals in spite of their handsome appearance. The exceptions, then, are fully as important as the rule.

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[1] E. A. Hooton, *Twilight of Man,* G. P. Putnam's Sons, New York, 1938.

The claim that criminals inherit certain patterns of action has met with less and less approval since Lombroso's day. Lombroso, it will be recalled, claimed that criminals had a low threshold of pain sensitivity. Apparently in keeping with Lombroso's way of thinking, it was shown that 14 per cent of the inmates of the Elmira, New York, reformatory had insane or epileptic heredity. Similarly, 23 per cent of the inmates of the Auburn, New York, reformatory were shown to have neurotic tendencies. However, the state criminologist of Illinois, Herman Adler, proved, as far back as 1925, that while these figures might conceivably have been correct, and even paralleled by similar figures in other state prisons, they did not prove conclusively hereditary behavior differences between convicts and normal citizens. In a careful study, he adduced evidence to prove that the percentage of insanity, neuroticism, and epilepsy found in prison populations by no means exceeds that prevailing in the population at large. It is now held that, in similar social and economic groups, normal and abnormal behavior, so far as heredity is concerned, are found to the same degree, whether in or out of prison.

Economic Factors in Criminal Behavior. Do economic factors enter into crime? Any answer to this question must be carefully qualified. If by economic factors we mean a substandard income, lack of income, or poverty, then the newspapers have long since supplied the answer. The following is one of the many newspaper stories illustrating the importance of the economic factor:

> Lack of work for himself and food for his children drove L. B., twenty-six years old, to robbery. Conscience drove him to the detective bureau.

"I never did a dishonest thing before in my life," he said. "But the kids had to have something to eat. So I got a monkey wrench and held up a man. I told him I'd kill him if he didn't hand over his dough. Here it is—all I got from him. Lock me up."

Cases of this type could be multiplied. They all deal with the same general subject. Those devoid of means risk their reputation, liberty, and life to acquire necessities, and sometimes luxuries, through criminal action. Sociologists have made several studies along this line. One study, made in 1915, brought out clearly that the 1914 unemployment era increased burglaries to the extent of 30 per cent, robberies 64 per cent, vagrancy 51 per cent, and mendicancy 105 per cent. This showed a definite interdependence between economic factors and criminal behavior.

Many years ago the social economist, Bonger, speaking for the so-called "environmental" school of criminology, collected evidence in favor of the economic theory of criminal behavior. He proved that unequal distribution of wealth, business cycles and unemployment, business cycles and speculative periods, poor housing and poor sanitation, and finally, child labor and the lack of education, all correlated positively with the rise in rates of criminality. In this country, a study of the business index in relation to juvenile delinquency in Allegheny County, of which Pittsburgh is a part, for the period of 1918–1934, showed a definite tendency of delinquency to rise with the rise in the business index. This may reflect the fact that higher prices lower the standard of living of the poor. A similar study of the relation between dependency (or poverty) and delinquency for the same period and region showed a marked positive correlation between the two trends. In other words, as dependency increases so does delinquency. This holds true for both boys and girls.

In a recent study in the Chicago area, made by E. R. Mowrer[2] of Northwestern University, somewhat surprising facts were discovered with regard to the influence of the depression on delinquency. Mowrer's study indicated that "if general delinquency and criminal trends are responsive at all to depression, they are not directly sensitive to the downward and upward movements of economic conditions." Except for burglary, which showed an increase during the worst part of the depression, Mowrer reports no significantly larger percentage of criminal offenses. In fact, gambling, for example, continued to decline until in 1935 it was one-third of what it had been in 1930. The conclusion thus reached by Mowrer was that groups hardest hit by economic difficulties do not turn to crime in greatest numbers. What was true of groups was true of areas. The city areas hardest hit by the depression did not show an increase in rate until economic conditions had improved.

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[2] E. R. Mowrer, *Disorganization—Personal and Social,* J. B. Lippincott Co., Philadelphia, 1942, ch. 8.

This study is significant for what it showed, but it did not show that economic conditions do not tend to correlate with crime. What one must add, in taking stock of the recent depression, is that the government, through widespread relief and government projects, made it unnecessary for a great many potential criminals to ply their trade. Thus the most dangerous of the crime techniques, such as larceny, robbery, and auto thievery, showed a diminution. The safest of these techniques, burglary, alone showed an increase, and that during the depth of the depression. The fact of the matter is that many minor hoodlums and gangsters gladly responded to the government call, and aligned themselves with some socially useful, as well as personally profitable, project. This development, along with effective social work with people on relief, may explain the figures obtained in Mowrer's valuable study, valuable because it showed how crime could be reduced, if not prevented, in time of national crisis.

Economic factors take on protean forms, depending on the education and status of the individual involved. The fact that economic factors are often found to be tied to the criminality of the poor does not mean that the poor alone become criminal. On the contrary. Statistics gathered by the Detroit Police Department on juvenile delinquency showed that 80 per cent of the 10,000 teenagers whose names appeared on police blotters in 1948 had come from homes with adequate or above average income. This certainly does not prove that poor people are potentially criminal, while rich people are immune to crime. Surely, we cannot hold that whereas robbery is a crime, manipulating stocks or conspiracies to crush competitors is not. Newspaper accounts like the following are common:

> W. B., playboy promoter, and W. G., a fellow broker, were convicted today of fraud in the manipulation of defaulted railway bonds. The jury found them guilty on seven counts of mail fraud, and one of conspiracy. The maximum penalty for the brokers would be thirty-seven years' imprisonment and $24,000 in fines.

Many cases similar to this could be cited. Richard Whitney's case is well known. The case of Ivar Kreuger attracted enough attention to become a classic of its kind. Leo Koretz, Cassie Chadwick, Charles Ponzi, Walter Wolf, are a few more of the notorious swindling brigade who made their reputations at the expense of unwary investors, only to go down in history as criminals. A noted criminologist, E. H. Sutherland,[3] summed up the matter as follows:

> The present-day white collar criminals are often merchant princes and captains of finance and industry, who differ from the 'robber barons' in that they are more suave and deceptive. Their criminality has been demonstrated again and again in investigations of land offices, railways, insurance, munitions, banking, public utilities, stock exchanges, the oil industry, real estate, reorganization committees, receiverships, bankruptcies, and politics.

Thus Sutherland disposed of the myth that economic factors operate to make the poor, criminal, and by the same token do not enter into the criminal behavior of those addicted to what Veblen had called "conspicuous consumption."

Ecological[4] Factors in Crminal Behavior. The crucial study in the field of ecological influences was made by Clifford Shaw, sociologist connected with the Illinois Institute for Juvenile Research. In numerous publications, outstanding among which is his *Delinquency Areas*, Shaw proved that there is a direct relation between city communities and delinquency rates. In order to find delinquency rates, Shaw discovered the frequency of delinquency for each of Chicago's school districts over a period of twenty years, and divided that by the total number of children in school attendance over the same period in each district. His findings have shown that the areas of highest delinquency rates are found closest to the oldest part of each town, closest, that is, to the business district and major industrial developments. These areas, which have been termed "blighted areas," are characterized by physical deterioration, decreasing population, high rates of economic dependency, a relatively high rate of population mobility, and high rates of adult criminality. Blighted areas, Shaw proved, are characterized by marked disintegration of traditional institutions and neighborhood organization, and by their failure to function effectively as agencies of social control. Most important of all was his discovery that the nationality composition of these areas over a period of two decades changed almost completely, while the delinquency rates remained constant. Furthermore, as the older nationality groups moved out, their rates of delinquency showed a consistent decrease. In many cases, it appeared that these areas possessed elements which contributed directly to the delinquent habits and attitudes of children. These habits and attitudes were merely an adjustment to the expectations of the neighborhood, that is, the neighborhood attitudes made possible delinquent behavior in children.

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[3] In an address before the Central States Probation and Parole Conference, Chicago, April 25, 1940.

[4] *Human ecology* is a division of sociology which deals with the distribution of people in space, locally and universally, and the effect of regional influences on social and economic adjustment.

Something amounting to training in delinquency was found to exist in certain urban areas. Corrado De Sylvester,[5] in a study of Italian immigrants in Chicago and Blue Island, Illinois, revealed the noteworthy fact that people of a certain national origin, living in a deteriorated city environment, run up a large rate of criminality. On the other hand, in a normal, well-organized, small-town community, the same people show a remarkably low rate of criminality, no higher than that of their neighbors in town.

What is true of the city and of its neighborhoods is true of our various states and of the country as a whole. There are undoubtedly slum areas in states, and the country as a whole could be divided into regions on a similar basis. It must not, therefore, be supposed that those living in rural areas are immune to crime, or do not tend to show higher delinquency and crime rates than do other areas. Rural life is no guarantee of decency and honesty. There are rural mobsters and rural criminals. The Ku Klux Klan, the Black Legion, the Silver Shirts, and numerous other gangster groups thrive in rural environments. In spite of their attitudes of pseudo-patriotism and pseudo-Christian idealism, these denizens of rural slums have long threatened to become a serious problem to America, in a strictly criminal sense.

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[5] C. De Sylvester, Master's Thesis, University of Chicago (Unpublished).

Familial Factors in Criminal Behavior. To what extent are family conditions instrumental in promoting crime? The direct influence of parents in making crime possible has not been sufficiently recognized. Numerically, it does not appear to be very large, but that it exists there is no doubt. Following is a case gleaned from the daily press:

> An immediate sentence to the penitentiary to spare him the necessity of facing his son in the county jail was sought by G. S., forty-nine years old, who was captured after robbing a hosiery company. S. confessed that he had started his son, Harry, a former high-school football star, on a career of crime. After robbing several stores, Harry wanted to branch out with other robbers, and did so against his father's advice. The son was apprehended, and the father claimed to have committed his last robbery to obtain money to engage an attorney for his son.

Conflict between the parents themselves tends to contribute to delinquency. It has been shown that broken families bear a significant relation to the crime rate. Twenty-five per cent of the children in this country live in broken homes. According to a study made by Shideler,[6] 70 per cent of these become delinquent. Some sociologists seem to hold that the loss of a father is most vital, while Shideler finds that the loss of a mother is more fundamental.

Sullenger[7] analyzed the cases of 500 delinquents who appeared before the courts of Omaha over a six-year period. He showed that 25 per cent of the families of these delinquents were registered as having received some aid from the public or private relief agencies.

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[6] E. H. Shideler, "Family Disintegration and the Delinquent Boy in the United States," *Journal of the American Institute of Criminal Law and Criminology*, 1918, 8: 709 ff.

[7] E. T. Sullenger, "Economic Status as a Factor in Juvenile Delinquency," *Journal of Juvenile Research*, 1934, 18: 233–245.

Lumpkin,[8] in a study made in Wisconsin, offered similar facts in regard to 250 girls confined to correctional schools. Lumpkin found that 95 per cent of the girls came "of the class recognized as least advantaged in income and opportunity, and about two-thirds of these homes had been given community assistance of some kind." In the major-offense group of girls committed in Wisconsin, there were homes in which either harmful social and economic conditions existed or else certain necessary conditions were lacking. In the minor-offense group, however, harmful conditions were always present. Two-thirds of the homes of the girls had been broken by disorganization and death; and in almost one-half of the homes there had been step-parents, foster parents, or relatives in charge. The number of broken homes in this sample was obviously larger proportionately than that in the general population.

Psychological Factors in Criminal Behavior. To what extent do psychological factors enter into the causation of crime? The first of these factors which we might consider is intelligence. Are criminals more or less intelligent than people in the general population? A partial answer is that there are undoubtedly dull criminals, and many of them have been apprehended both because they are dull and because they are criminal. Witness this:

> There was something about the way W. W., fourteen years old, pulled $200 from a big roll in a Loop clothing store that caused the clerks to become suspicious. The boy purchased several $10 silk shirts, a couple of suits, a lounging robe for $25, a suitcase and a traveling bag, and then he handed a cash boy a $6 tip.
>
> W. was told to come back for his clothes in a couple of hours, and when he returned he found the police waiting for him. They discovered that he was the boy who earlier in the day walked out of an office, to which he had applied for a job, with a package containing $1,155 temporarily laid aside by the cashier.

Compare that report with the one below:

> A. P., the original "chloroform burglar" who looted the homes on Chicago's Gold Coast to the extent of $100,000 five years ago was shot to death while attempting to rob the home of the president of the C. company. P., once declared to be a "genius gone wrong," was a grad-

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[8] K. D. Lumpkin, "Factors in the Commitment of Correctional School Girls in Wisconsin," *American Journal of Sociology*, 1931, 37: 222–230.

uate of W. university, a linguist, athlete, and opera patron. He had been sentenced to from one to twenty years in Joliet for the most notable list of robberies in the history of Chicago crime. P. once stated that he selected his victims from the Blue Book and Social Register, and never attempted a burglary without an exhaustive study of his victim.

Lane and Witty,[9] psychologists, have found that the intelligence of 699 delinquent boys whom they had studied did not average lower than that obtained for nondelinquents drawn from racial and socioeconomic groups similar to those of the delinquents. Offenders from broken homes, however, tended to average lower in intelligence than those who had come from homes that were intact, and the average intelligence of all the delinquents tended to show dull mentality. This finding was recently confirmed in another study,[10] in which 500 unselected boys from the Indiana State School were tested with similar results.

One of the causal factors in crime is mental conflict. William Healy, in his *Individual Delinquent,* a classic volume on the subject, showed that mental conflicts may underlie criminal behavior. We might list several of the sources of such conflicts. First, revolt against father authority, where the father is an especially forbidding, unsympathetic parent. Second, envy of brother or sister, where one gets the feeling that the brother or sister has privileges which one cannot secure. Third, a deep-seated attitude of inferiority, induced by ridicule and discouragement, and the wish to overcome it by attracting attention. Fourth, an attitude of guilt or shame, which seeks release through suffering of some kind. Since arrest and imprisonment provide an opportunity for suffering, it is sometimes sought as an end in itself. These conflicts, arising in the family environment, may of course revert to it; but, more often, they are shifted outward, and form the basis of criminal action in the larger community. Mental conflicts become especially acute when the individual is faced with life's responsibilities, as in the period of adolescence; or in later life, when the individual is faced with important decisions, as in connection with vocational choices or marriage; and finally, in periods of transition from one social role to another, as is the case with the woman who has been separated or divorced.

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[9] H. A. Lane and P. Witty, "The Mental Ability of Delinquent Boys," *Journal of Juvenile Research,* 1935, 19: 1–12.

[10] L. P. Wedeking, "A Note on the Intelligence of Delinquents," et seq., *Journal of Consulting Psychology,* 1948, 12, 58.

Differential Association as a Cause of Crime. Parental influences, interparental conflict, parent-child conflicts, and even mental conflicts, do not explain criminal behavior in every case. Criminal, and especially delinquent, behavior may derive from "differential association" factors, that is to say, from the influence of norms borrowed from association with groups other than one's family or neighborhood.

The conflict of norms as a cause of difficulty in adjustment has long been recognized. Everyone is familiar, for example, with the difficulties which immigrants endure in adjusting themselves to American standards of life. However, it is wrong to assume that, because of difference in standards, immigrants are more likely than native Americans to become criminal in their new environment. H. H. Laughlin, a eugenist with a limited point of view, attempted to establish some years ago that immigrants do present a problem from this angle. He had found in seven New York prisons that there were 946 foreign-born inmates in a total of 6,382 prisoners. This would seem to make foreign-born individuals 14.8 per cent of the total criminal group. What Laughlin overlooked, however, was that the foreign-born population of New York state constituted 25 per cent of the total population at that time. Hence, the foreign-born were not represented in proportion to their numbers. The native-born population of New York, on the other hand, though only 74 per cent of the total, supplied 85 per cent of the prison population at that time. Immigrants themselves, it has been repeatedly shown, do not pose a serious problem.

The children of immigrants, the so-called first-generation Americans, on the other hand, present a serious problem, for they contribute more than a proportionate number to our prison population. The reason for this is not that they acquire criminal patterns from their parents, or that they tend to be encouraged in crime at their homes. The probable reason is that they often acquire neither the patterns of their parents nor the standards of the larger community; but adopt, instead, those of some other group, such as a gang, with which they happen to come in contact. Here then is the factor of "differential association." The gang, the corner group, the tavern group, the poolroom group—these supply the patterns of conduct which the boy or adult offender may adopt. The important fact to recognize is that the gang's standards not only fail to disapprove of stealing, robbery, and even manslaughter, but indeed make such behavior often mandatory. If the individual does not comply, he loses status in the group. The loss of status is frequently equivalent to the loss of membership; and that means social isolation, a punishment far greater, in some cases, than the courts can impose. Criminal and delinquent behavior may thus be due, not to patterns that parents impose upon children, but to the failure of the parental patterns, or the patterns of the larger community, to compete successfully with the patterns which are early imposed upon the youngster and in some cases last well into adult life. The criminal or delinquent whose behavior is interpreted in terms of "differential association" is not necessarily in conflict mentally. He is not necessarily a product of a disorganized home. He is not necessarily a victim of economic conditions, at least directly. He is certainly not necessarily a product of school or church influence. He is a victim of a culture such as ours, in which groups exist within groups, and individuals may find themselves drawn into criminal association without realizing or suspecting that they are entering a group that is in conflict with the larger community. There are values within this group that offer emotional satisfaction. That is all they know. The fact that they are members of conflict groups does not disturb them, for to be a member of such a group does not mean to be in a state of *personal* conflict.

Our Emotional Attitude toward Criminals. No satisfactory system for treating criminals can possibly develop until we understand our attitude toward criminals. One basic conviction we all have is that criminals do not belong in our social world. This conviction is not especially hard to defend. The criminal does not, and perhaps cannot, claim membership in the world of so-called decent or law-abiding citizens making up the "great society." Does this mean that he does not belong in any social world, that he is a beast, without human contact or social recognition? The answer is that the criminal, if he belongs anywhere, belongs in a social world made up of men and women of his own kind. This is especially true of the recidivist, or repeater in crime. In the world in which he lives, the duties of members are as rigidly defined as are the duties of members in the larger, law-abiding, group. The definition of underworld duties amounts to a code. Narrowed down to fundamentals, this code says: (1) be "right," that is, do not be like the "good people"; (2) don't "squeal"; (3) don't "double-cross" a pal; (4) be brave; (5) keep your business to yourself; (6) honor a "right guy"; (7) kill a "rat"; (8) steal from those who can afford it, not your own kind; (9) don't get caught; (10) die "game". This code operates with absolute certainty in controlling behavior in underworld groups. Punishment for violation comes swiftly. Nevertheless, the rules and the punishment imposed for their violation do not correspond with those of the larger group. Hence, we tend to have an emotional aversion to the criminal similar to that toward an enemy in wartime.

Obviously, the fact that the underworld defines us as enemies, and threatens our security and safety, is an important reason for our hostile attitude toward criminals. This, however, is not the only reason. Another reason, not so obvious, is that we, who are law-abiding, who permit the group to check our unsocial impulses, ofter envy those who have the freedom which we deny ourselves. Our hostile attitude toward criminals is partly due to the fact that we shift our own aggressive impulses, checked by the group, to the criminal who does things which we do not permit ourselves to do. The criminal gives us an opportunity to express our own antisocial impulses in a socially desirable way. But consciously, of course, we do not admit that this is so.

The point just made may be a little difficult for some people to see. What proof is there that we have antisocial impulses if they are kept in check—that is, kept from clear realization? The only proof of the fact that so-called decent and law-abiding citizens have such impulses is that, at one time or another, virtually all of us have committed social wrongs which were punishable, but which perhaps were not punished merely because we were not recognized, or prosecuted, or treated as offenders. Taking someone else's pencil is as much an act of thievery as the stealing of a pocketbook. The beating of a child is a punishable offense in some communities. Advertising worthless goods as first-class goods, a practice far from uncommon, is not lawful. Who shall cast the first stone? Yet we need not conclude that criminals, when sentenced by due process of law, should not be confined to institutions where they can be rehabilitated for their own good and the good of the group. What we mean to say is that, by understanding why our attitude toward criminals tends to be emotional, we shall be in a position to realize what treatment is best, and to provide suitable plans for such treatment. Without such realization, proper treatment, much less prevention, of criminal behavior is out of the question.

Theories of Punishment. Ellsworth Faris has classified and interpreted five philosophies of punishment. One of these philosophies is that of *expiation*. This philosophy declares that, in committing a crime, the individual has also committed a sin. Thus he stands guilty before an angry God. The emphasis is on the divinity of criminal law, based fundamentally on reverence for age. The assumption is that suffering on the part of the criminal will somehow atone for his crime. However, life, says Faris, is asymmetrical. We cannot go back to where we started. Suffering cannot undo a crime, any more than punishment always causes suffering. The second philosophy of punishment is that of *retribution* or vengeance. The ultimate justification for this view is found in the logic of Kant, a German philosopher. There is such a thing as abstract justice, said Kant. The highest thing in life, he held, is duty, not happiness. Duty is a "categorical imperative," and thus cannot be reasoned. It can be understood only as part of experience. But if punishment cannot be reasoned, says Faris, neither can guilt. Furthermore, this view implies that punishment alone is moral. Does this mean that forgiveness is immoral? At any rate, this theory does not explain how a given offense and a prescribed form of punishment can ever be equated. Of course, there is such a thing as equating offense and punishment in the eyes of the community, but this is purely a matter of judgment. The third theory of punishment is that of *deterrence*, or prevention. This view is expounded by another German philosopher, Hegel. The argument here is that we are not so much concerned with a particular offender as with the effect of his deeds upon others. The association of ideas (a theory discarded by psychologists) will bring to potential criminals the memory of punishment, and they will not commit crimes. The naïveté of this view lies in the fact that no one is punished until he is a criminal, and no one needs deterring if he is not criminally inclined. The most important argument against this philosophy is that we have followed it for ages, and crime has been generally on the increase. The fourth theory of punishment is that of *disablement*. This view holds that crime can be prevented by capital punishment, or at least life imprisonment. This theory is an admission of failure and, like the theory of deterrence, has been used too long to have proved effective in preventing crime. Faris calls it "good but stupid." Fifth and last, we have the theory of *reformation*. This represents a benevolent attitude on the part of the group, an attitude which demands that re-education should replace punishment. If so, reformation is not the same as punishment, and to classify it in that way is hardly proper.

Crime Detection: the First Step in Treating Criminals. It is obvious to anyone who has given the matter some thought that just treatment cannot be expected at all if the police use careless means of gathering evidence against suspects. The Haymarket riot mistake has been historically verified. The case of Sacco and Vanzetti was declared by authorities to have been based on notoriously faulty evidence. The Scottsboro boys were repeatedly found guilty, only to have their sentences reversed in higher courts. The Mooney case merited the intervention of President Wilson, but local authorities continued to keep Mooney in prison until Governor Olson in California granted him a pardon. Joseph Hillstrom, for whom President Wilson also intervened, died denying that he was guilty of murder. A Boston cab driver, Clement Molway by name, was arrested and charged with a murder, which newspaper reporters fortunately discovered someone else had committed. The Archer-Shee case, involving an English cadet falsely charged with stealing, stirred the entire British Empire at one time, and finally led to the vindication of the boy, after much humiliation and irreparable suffering. The case of Jacob Frank, an engineer, accused of rape and murder on merely circumstantial evidence, ended in a lynching before the authorities had a chance to act on an appeal. Five years later another man confessed to the crime. Most of these cases need only mentioning to give the reader a poignant realization of what innocent detention and jail service might mean.

It is the height of social injustice to imprison a person not guilty of crime. Yet such imprisonment cannot be attributed entirely to the activities of the police. The latter have been charged with indifference, arising from a sense of futility about their work. They have been charged with corruption. They have been charged with sadistic cruelty in strike-breaking activities. Police brutality, as shown in third-degree procedures, has given some of the American metropolitan police a reputation not much better than that enjoyed by the Gestapo. Arrogance displayed by the police toward honest citizens has again and again attracted the attention of those interested in civil liberties. No doubt the lack of training on the part of our police, and the lack of fundamental education, are largely responsible for these complaints. The sentencing of innocents, however, is not due to negligence, corruption, or arrogance. It may or may not be due to brutality and "forced confessions." It is probably due to the eagerness of the police to prove their worth—their overassertiveness rather than their laxity. This eagerness can be tempered only by the scientific detection of guilt. Such detection implies the use of ballistics, chemistry (especially toxicology), microscopy (especially microphotography), not to mention fingerprinting, lie-detection, and other methods in use for some time. The men now being employed by the Federal Bureau of Investigation are becoming models of detective service. They are college-bred, grounded in accountancy and law, and equipped with high-grade intelligence. With better means of garnering evidence, and with more intelligence and training on the part of the police, we should get not only a diminishing number of innocent victims of overzealous but ignorant attempts to protect us from the criminal, but also more efficiency in crime detection.

Methods of Treating Criminals Following Detection. When the accused is brought to trial, the state has taken the second step in treating him. Now a number of problems come to the fore. We might mention, first, the lack of uniformity in the criminal laws of our states. How this results in the escape of wrong-doers from social treatment is reasonably clear. The training of lawyers, prosecutors, and judges is another matter of importance. The lack of training in psychology, sociology, anthropology, and economics is particularly glaring. Internship in jail, and familiarity with jail procedures at first hand, are badly needed for all those engaged in law practice, especially for those on the bench. The need of having judges serve as prosecutors and public defenders before qualifying for office is also indicated. But, above all, the institution of the jury requires attention. Grand juries, investigating crimes in an attempt to find independent evidence, are hampered in their work by their dependence on the office of the county (or state's) attorney. Petit juries (consisting of twelve citizens serving at court in individual cases) are even more in need of reconstruction. Time was when the petit jury served as a protection against the arbitrary rule of kings. Now its usefulness is limited by the fact that jurors merely prolong the trial and introduce an element which has been shown often to be subject to control from the outside. These matters, exceedingly important in themselves, will be discussed further in a later chapter.[11]

The details of trial procedure also will be taken up in the chapter just mentioned. The disposal of the case, however, once an individual is examined by the judge and jury, may be considered at this point. One decision possible is the so-called suspended sentence. This means freedom for the accused, subject to good behavior over a given period, and his reappearance at court at a later date. It differs from a probationary sentence in that it carries no supervision with it, while probation means release under careful surveillance. The first probation law was enacted in 1901, but probation is still considered the most hopeful form of treatment. As a test release on good behavior, it gives the offender not merely a chance to resume normal life, but it affords him the aid of a person especially trained in helping to make new social and economic adjustments. In many cases, social workers assist probation officers, especially in the treatment of juvenile delinquents. Probation officers now engaged in the more progressive urban centers tend to be themselves college-trained individuals of broad experience in social work.

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[11] See Chapter Thirty-four "The Judiciary," in Vol. II.

Parole should be differentiated from the two types of sentence discussed above. Suspended sentences and probation do not involve a term in prison. Parole always follows such a term. Paroles should also be distinguished from pardons and commutations of sentence. Pardons are acts of executive (mayoral, gubernatorial, or presidential) clemency. They may come immediately after sentence is passed or at any time thereafter. Their object is not only to save the individual from going to prison, but to remove the stigma of guilt from his record. Commutations refer to release from prison before the term has been served. They do not alter the implication that the individual committed a crime, and are generally subject to approval by a parole board which investigates the prisoner and acts on his application, after the jail warden has approved it. Following the commutation, the individual is generally placed on parole. This simply means that he continues his sentence outside the prison under the care of the state. Theoretically, however, he need not be so placed.

Most states have parole provisions. The institution of parole is considered one of the greatest achievements in the treatment of offenders. Yet parole frequently has been opposed by those who refuse to admit that prisoners return to society as members, whether they return as citizens (possessing civil rights) or not. As we have already seen, a sentence may be fixed by the legislature (through law), a judge, an executive, or a board. In indeterminate sentences, judges do not fix the sentence with precision. They merely fix the minimum and/or the maximum, leaving it to the parole board to decide how long the prisoner is to remain in jail.

For some years sociologists have entertained the hope that a scientifically valid parole-prediction scale could be devised. Such a scale, if accurate enough, might be used, they thought, to predict whether a certain prisoner, when paroled, would make an adequate adjustment outside. With the name of Ernest W. Burgess, of the University of Chicago, is connected the first attempt to devise a parole-prediction scale for prisoners. This scale was first prepared in 1929, but has been continuously revised and improved since then. Burgess' scale was the result of a searching analysis of available material on parole violation over a period of years. His prediction system aims at giving the prisoner a "rehabilitation quotient" based on twenty-one factors:

nature of offense
number of associates in committing crime
nationality of father
parental status (including broken home)
marital status of inmate
type of criminal (first offender, occasional offender, recidivist, etc.)
social type (hobo, gangster, etc.)
county from which committed
size of community
type of neighborhood
resident or transient, where arrest took place
statement of trial judge and prosecutor
nature and length of sentence
portion of sentence actually served
previous criminal record
previous work record
punishment record in prison
age at time of application
mental age or I. Q.
personality type
psychiatric prognosis

Using these factors, Burgess constructed a point scale, the application of which gave him an expectancy table. Employed in various states, this scale has given remarkable results. In the state of Minnesota, as reported by George B. Vold,[12] "parole prediction seems to have worked within the limits of 2 per cent error." With a decrease in the number of favorable points on the scale, the chances of parole violation tend to increase. In other words, the more points in favor of the prisoner, the greater his chances of adjustment on parole.

Post-Trial Treatment of Delinquents. There are some ninety state institutions for delinquents in this country, where over 25,000 young offenders are maintained. That these institutions are not doing the job for which they were intended is shown in a recent study by government investigators. In this study it was reported that of 621 boys from five of the best known correctional institutions, 66 per cent had been arrested and 58 per cent had been convicted one or more times within five years *after* their release. In over 68 per cent of the cases failure on the part of the "correctional" institution was obvious.

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[12] G. B. Vold, "Do Parole Prediction Table Work in Practice?" *Proceedings, American Sociological Society*, 1931, 25: 136–138.

The first drawback of the institutions for juvenile delinquents is the type of personnel employed. The guards, receiving from $1,500 to $1,750 a year, get smaller salaries than do zoo-keepers. Those who offer themselves, and are too often employed, as "cottage parents" are frequently themselves psychopaths, alcoholics, shrews, embittered failures. The whole story of juvenile treatment in many of these institutions is one of brutal regimentation, corroding monotony, and utter ignorance of child behavior and needs. Some institutions do show signs of kindly, intelligent guidance. But most of them are exactly what public indifference, legislative penury, and administrative inertia make them.

The so-called "adjustment cottages" are often really disciplinary barracks. The "supervisors" are prison guards. "Cottage parents" are really custodians. "Meditation rooms" are really isolation cells. "Tools of control" are whips, paddles, blackjacks, and straps. What is often done by way of "treatment" is thus evident. Some delinquents receive the "water cure." This consists in taking the boy to the basement, stripping him, and letting a water pressure of seventy pounds play on his back. The "flying home" technique consists in administering a kick or a paddle-whack to the boy's backside which shocks his nervous system and literally lifts him off the floor. Deep-knee bending, as many as 500 times, is another punitive method. "Star-gazing" consists in staring at the ceiling for hours while standing erect. "Standing in line," as employed, means standing erect for hours in absolute silence, with hands upraised. "Rice-polishing" is a delicate performance which involves crawling on one's bare knees across a rice-strewn floor, often until bleeding starts. Administration of "runaway pills," as the term implies, refers to dosing runaways with laxatives. The "cold tub" entails throwing the offender into a tub filled with icy water.

These are a few of the intolerable procedures recently (1947) found to be employed in some institutions. No consideration is given to the role of health or psychological factors beyond the individual's control. For instance, in United States Army barracks. punishment for enuresis (bed-wetting) is forbidden, and the enuretic individual is regarded as more ill than refractory. In most institutions for delinquents, however, bed-wetting is a punishable offense. Needless to say, these are conditions which resemble totalitarian techniques too closely to have a place in a country like ours. But they do explain why many delinquents graduate into full-fledged criminals after a period of "reform."

Post-Trial Treatment of Adult Offenders. The whipping post as a method of punishment following trial has virtually disappeared in the United States. Only in Maryland and Delaware is the lash still prescribed, though nearly two-thirds of those whipped later commit crimes for which they are again convicted, and one out of five is whipped again in these states.

Incarceration in prisons and penitentiaries is what the largest number of criminals receive when sentenced at court. The fact that recidivism is rife among adult offenders shows that prisons for adults are also failing, though perhaps, as we expect less from them, less strikingly than institutions for juveniles. However, their failure to satisfy the public conscience is obvious. Whether they use the techniques described as typical for boys in certain areas need not be discussed. In some states, the techniques are far worse, and approach brutality in its highest form. Gouging, beating with a soft hose to the point of inducing permanent internal injuries, and other forms of sadism, are only too well known to penologists.

The question to be raised is not whether prisons are well conducted, but, first and foremost, what purposes do prisons serve? They aim to confine, reform, and deter criminals; but they fail to accomplish the last two aims to a notable degree. The failures of our prisons are owing to (1) inefficiency of administration; (2) the employment of incompetent, often mentally subnormal or abnormal, personnel; (3) mass treatment by inflexible routine; (4) lack of useful employment; (5) in some cases, vile living conditions, including insufficient and abominable food; (6) overcrowding; and (7) "postgraduate" instruction in vice and crime at the expense of taxpayers maintaining these "institutions." These dangerous and demoralizing conditions call for improvements long overdue.

Reform in Penal Institutions. The history of penal reform is long and venerable. The names of great men and women have gone into the records of our nation and of foreign nations because they tried to take a rational point of view on the matter of penal treatment. But each age must produce its own leaders in reform. Academic individuals can only present facts, point out needs. The application of facts is a matter of leadership outside academic walls.

One of the most fertile suggestions to come from an academic source in recent years is that offered by Professor Burgess, of the University of Chicago. The treatment of crime, he pointed out, must, among other things, be taken out of the hands of politicians and placed in the hands of a full-time board of prison administration, serving staggered terms of fifteen years. This board might take full charge of all phases of penal work, including probation supervision, selection of suitable personnel, prison routines, and prison maintenance.[13]

One of the most urgent problems needing reform is the problem of classification. Most prisons do not classify their inmates in any way. On the basis of a well-thought-out classification, however, individual treatment plans can be developed. Those who are obviously unreformable—low-grade, feebleminded individuals, paretic convicts, and convicts suffering from incurable mental diseases—should be remanded to hospitals where they belong. There would remain the group which could not be trusted on probation at the outset. This group should, first of all, receive all available medical aid in removing remediable physical illnesses and handicaps. In many cases, this may mean treating long-neglected conditions by surgery. Psychopathic conditions should receive psychiatric and psychological assistance until a new social attitude is established. Social re-education, through such means as Warden Osborne's Mutual Welfare League, can help restore self-respect and an attitude of responsibility. The prison government can be so reorganized as to facilitate wider participation of inmates in the life of the prison community. One sociologist, Edgar W. Voelker, has suggested that "participation in the government of his community would help each prisoner to identify himself with the whole community, and would enlist his co-operation with prison guards and officials." The prison is a community, whether the outside world so considers it or not. Using it to bridge the gap between the period of reconstruction and the period of freedom is of great importance. The future of the prisoner, however, also requires training in a trade or profession to which he can look for economic and social adjustment. This may mean help in securing employment and friendly after-care similar to that given discharged hospital patients. In case of relapse, the individual should be taken back for further treatment. If several experiments have failed, the individual should be considered for permanent state custody as socially incurable. Prisons can thus render a genuine social service. They need not be vile, filthy headquarters for compulsory training of less experienced criminals by those with ample experience. They need not be institutions where mentally maladjusted individuals become even more maladjusted. They need not be temporary stopovers, where an individual merely takes an enforced vacation between periods of socially harmful activity.

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[13] E. W. Burgess, "Factors Determining Success or Failure on Parole," in *The Workings of the Indeterminate-Sentence Law and the Parole System in Illinois*, State of Illinois, 1928, Pt. IV, pp. 205–249.

A prison, a reformatory, or a penal school must be regarded as an institution where a compulsory system of re-education is being carried out. From this point of view, the institution must determine by careful analysis the prisoner's chances of returning to his community as a useful citizen. Psychology, psychiatry, and sociology can cooperate in making this analysis. The psychologist uses group and individual tests to determine the personality structure, interests, and capacities of the individual. The psychiatrist investigates emotional factors in the adjustment of the individual. The sociologist inquires, among other things, into the social roles which the individual has played in various groups. Together they amass considerable information about the prisoner's general intelligence and ability to profit by vocational training, his social background and education, and his major "complexes" or emotional tensions. This information makes possible adequate planning of the criminal's readjustment by means of a work-training-recreation program. The first step in such a program, aiming at reconstructing personalities rather than avenging wrongs committed by "monsters" or "beasts," is proper classification within the prison. Classification based on physical health or sickness is primary. Classification on the basis of age is important. Classification based on normal or defective intelligence is another essential. Classification to take into account emotional "twists" and abnormal mentality is a basic requisite. Finally, classification on the basis of social traits appears to be exceedingly important.

The Prevention of Delinquency and Crime. The problem of crime prevention, insofar as it depends on the treatment of prisoners, has been discussed. In a general way, treatment demands the recognition that criminals are human beings, that they must be treated dispassionately, or even sympathetically, as maladjusted individuals; that courts should concern themselves with criminals and not with crimes; and that the future of the criminals and the welfare of society, rather than a sentence, should be the aim of imprisonment. A program of prevention, however, is broader than the treatment of the apprehended, or even acknowledged, offender. It reaches back to the causal factors which we had occasion to consider earlier in this chapter.

So far as hereditary factors are concerned, little can be done. Even with the aid of eugenics, biological factors cannot reduce the rate of crime. In any case, so long as it cannot be proved that all individuals with misshapen skulls and ugly faces constitute a potential menace to their communities, we cannot advocate eugenics as a method of treatment. As for inherited behavior tendencies, it is recognized today that criminal tendencies are not inheritable. The improvement of an individual's health and physique, however, is possible. This requires effective social work, and is merely one of the aspects of social and psychological adjustment requiring outside help.

Economic factors are of great importance, as previous chapters have shown. Conditions which make normal economic living possible also tend to lead to normal mental adjustment. Workers employed at substandard wages or altogether unemployed; youth not prepared for matrimony because of the long stairway of adjustments needed to become established economically; and the use of gambling devices as a way out of harsh economic competition—these conditions are a menace to the community in more than one way. Incidentally, they facilitate criminal careers. Relief measures are essential if we recognize that there always are unemployables. Government projects are extremely vital, as the reduction in certain types of crime during the depression has shown. Most important are plans for the employment of employables at no less than minimum-wage levels. Security in a democratic society is a most important means of crime prevention. To the extent to which there is no security, there is likely to be a rise in criminality.

Regional (ecological) factors in criminality are closely tied to economic factors. After all, "delinquency areas" are areas of disrupted community ties, primarily as a result, not of mobility, but of poverty and substandard housing facilities. Blighted areas require legislation to raze all uninhabitable houses, and to substitute adequate private or public housing which can be rented at reasonable cost. A democratic republic cannot afford to have people poorly housed, clothed, or fed. But, in addition to housing needs in blighted areas, we must have proper provision for public recreation. Leisure-time activities must be encouraged and properly directed. Status-giving group activities especially appear important. A boy who has status in legitimate group activities, such as boy scouting, does not seek status in criminal gangs. Activities which help to develop talents are no less important. A boy who has his talents recognized and who can hope for their utilization in the future does not seek to rob and kill for distinction, or even for profit.

Familial factors loom large in the causes of crime. Broken homes, mismanaged homes, or homes torn by conflict are curable to an extent. Parental education demands a new type of schooling, to which we must begin to give increasing heed. Adult education, because of population trends pointed out in an earlier chapter, must enter a new phase of development. Parents must be taught the arts of life, of peaceful adjustment, and of child care. Perhaps parent-teacher groups ought to begin to play a more important role than they have played until now. It is not unreasonable to expect that parents be required to attend, at regular intervals, sessions designed to acquaint them with the problems of youth; and that teachers or principals be required to seek contact with all parents of problem children. In areas in which contacts between school and home are promoted, delinquency is noticeably on the downgrade.

Finally we come back to the psychological causes of crime. The suggestions along this line can be stated rather briefly. We must recognize the need for early psychological, psychiatric, and sociological diagnosis in the life of every child. Mental conflicts should be detected at an early age, and some attempt made to relieve them. Above all, the child's life must be given proper direction by affording him vocational guidance at the beginning of the adolescent or even pre-adolescent period. Nothing so stabilizes a young individual as the certainly that he will have a role to play in the life of the group, a role that will bring him security, recognition, and other benefits.

TERMS TO BE UNDERSTOOD

crime
delinquency
expiation
retribution
deterrence
crime rates
delinquency areas
mental conflict
probation
indeterminate sentence
suspended sentence
pardon
parole
parole prediction
recidivism
reformation
"meditation rooms"

QUESTIONS FOR DISCUSSION

1. Do known facts about sex and age as factors in crime support or disprove the claim that criminal tendencies are inborn?
2. In view of Goring's and Hooton's researches, what would you say is the present attitude toward Lombroso's theory?
3. Does the use of intelligence tests prove or disprove that crime is the result of low-grade intelligence?
4. A well-known writer once suggested that we punish pickpockets by cutting off their fingers. What do you think of the suggestion?
5. In 1949, a Los Angeles judge ordered a mother who murdered her own child to go through an operation which would forever prevent her from having other children. Discuss this as a form of social treatment of a criminal.
6. Flogging is an old method of punishment. How would you go about determining whether this method could prove effective in preventing crime?
7. Compare the indeterminate sentence with the prison term fixed by a judge. Which to you has the greatest merit?

8. What, if any, relationship is there between crime and economic conditions?
9. What do criminal statistics in your community show about increase or decrease in various types of crime? How reliable are statistics of this kind?

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PART FOUR

THE ECONOMIC ORDER AND SOCIAL PROBLEMS

Part Four deals with certain basic structural and institutional aspects of our civilization. These relate to man's ways of making a living, and to society's ways of using and of allocating resources. This part of the book, therefore, deals with the basic features of the system of economy under which we are living. It attempts to acquaint the student with what is generally taken for granted about the economic aspects of our culture, and it attempts to explain how our economic system works.

Chapter Sixteen

THE AMERICAN ECONOMY

The economic aspect of social life comprises the way in which man works with others to satisfy his needs and desires for food, clothing, shelter, and the amenities of living. In our highly developed society many of us tend to forget that man's struggle to secure the minimum essentials for sustenance and protection from the elements requires most of the time and energy of most working individuals throughout the world. Death and misery from starvation, floods, disease, or exposure to cold climates are always near at hand for a large proportion of mankind. Even in the United States, a considerable segment of the population is able to secure for itself only the barest of necessities.

Though the needs and wants of man are almost limitless, there is a relative scarcity of goods and services. This is the basic reason for our economic problems. Man must exert himself, both physically and mentally, to wrest from nature the scarce things he wants, and he must devise ways and means of increasing these supplies through his own efforts. The history of economic development shows that some societies have succeeded fairly well in producing enough goods and services to provide a decent standard of living for most of their inhabitants. A brief description of the antecedents of our economic system will indicate the nature of this development. Just as different societies develop their own solutions to such central needs as government, religion, and education, so do they develop their own economic systems to meet the problems of supplying food, clothing, and shelter. Our interest will be centered on the American economy.

STAGES OF ECONOMIC DEVELOPMENT

The Hunting and Gathering Stage. In the earliest times man was not far removed from the wild beasts around him. It was a struggle for survival, and man was able to survive because he could use his mind in trapping and killing other beasts. He lived off nature, picking berries and fruits, digging up roots, and killing whatever animals he could subdue. He lived from hand to mouth and from day to day. Life was uncertain and usually short.

The Pastoral Stage. In time man learned some of the things which made life somewhat more certain and less difficult. He learned that if he worked and shared with other people, all benefited by a better and more regular food supply. He learned how to domesticate animals which could carry him, do his hard work, or supply him with food. He discovered that by settling in one area for a time and planting the seeds of things he had learned to eat, he could better satisfy his need for food. He began to enjoy a storable surplus. He developed crude tools and implements which resulted in a larger return for his efforts. This was the pastoral stage of economic development. It was in the pastoral stage that the idea of private property developed. Up to this time material possessions were owned and used by the group. No one thought of his exclusive right to keep and use these possessions. As the various tribes grew larger and their herds exhausted the grasslands, it was necessary to move to other areas. In many cases the more desirable pasture lands were already being used by other tribes. Conflict among the tribes arose, and as the strife became more severe it became evident that some means of preserving peace had to be established. Just as it had been recognized that the herds belonged to the respective tribes, so it became recognized that certain lands should be used exclusively by each of the tribes. Here we have tribal ownership of land.

The Agricultural Stage. With ownership of land came the next stage in man's economic development. He built permanent homes. He learned the arts of cultivating the land. He stored his surplus for the winter months, and he used his spare time in devising tools and implements that would make his labor more productive. Village life soon developed, and with it came the beginnings of two of the chief characteristics of our own economy, specialization and exchange. We can see the working of the agricultural stage, or village economy, in the early manors of England.

The manor was ruled by a noble or lord. Under him were many peasants or serfs, who were bound to the lord and the land. The manor was a self-sufficient economic unit, producing just about everything that was needed by those living in it. The peasants were allotted small strips of land to cultivate, and each peasant had to turn over a certain portion of his crop to the lord. The peasants not only tilled the soil but made their own clothing, ground their grain at the village mill, and made their simple tools and implements at the village workshop. Communication with the outside world was rare, chiefly because of poor highways and the outlawry to which travelers and traders were subjected. Imports consisted largely of millstones, salt, and iron, the latter being essential for making tools. The manorial system was the chief form of economic organization during the Middle Ages. At the same time, however, there were developments which eventually broke down the isolation of the manor. Developments in navigation brought to the Western world the goods and treasures of the East. The precious metals and the use of money in trade found their way into the most isolated sections of Europe. Merchant traders began to travel about with their wares, creating new demand wherever they went.

The Town Economy. The manorial system gave way to the town economy as a result of greater specialization and trade. The earlier method of direct barter of goods was replaced by the use of money in exchange. Serfs moved to the towns and became skilled craftsmen. The surplus from the farms fed the town dwellers, and, in exchange, the farm dwellers received the specialized products of the town and goods imported from distant lands. Originally, the manufactured goods of the town were produced only upon order; but eventually goods were produced for the market and shipped wherever they could be sold. At first, the goods were produced in the workers' homes, the merchant bringing the raw material and later taking the finished product. This was known as the "putting out" system. With the full development of the Industrial Revolution the work was taken from the home and centered in the factory, where it remained under capitalism.

Of prime importance in this economic development was the growth of credit and banking. It is difficult to imagine the commercial and industrial revolutions without the assistance of the bankers. Large undertakings demanded outlays of large amounts of cash or large credit accommodations, and these became readily available from the new bankers. With the development of the idea of productive capital it was no longer considered sinful to take interest for the use of money; and with the payment of interest came the willingness to save and invest, the *sine qua non* of a capitalistic economy.

THE DEVELOPMENT OF THE AMERICAN ECONOMY

This brief historical background brings us to the early development of the American economy. The essential features were patterned largely on the English experience, because it was the English traders and settlers who largely exploited the wealth and resources of the new country. The shortage of labor in relation to vast material resources encouraged the development of new and better machinery and production techniques. The high birth rate and heavy immigration paved the way for a wide expansion of business opportunities. The natural wealth and resources at the command of an aggressive and inventive people gave rise to the greatest industrial nation and the highest living standards the world has ever known. Let us now examine some of the essential features of this system.

Production for Profit. The American economic system is also known as a *profit system*, because it relies on the making of profit to generate the production of goods and services needed and wanted by consumers. Some persons criticize our system on this account, claiming that production should be geared to the needs and wants of consumers rather than being dependent upon the possibility of making profit. They point out that the profit system fails to meet the needs of the people in a period of economic depression, as shown by the fact that there are business losses and widespread, severe unemployment. This weakness of the profit motive is recognized, and much thought is being given to a reduction in the frequency and severity of economic depressions. On the other hand, in defense of the profit motive, its opponents are challenged to tell us of any other motivating force that has generated a productive capacity comparable to that of the United States. Where else has national output and family income been as great? Even in the perilous days of war we still place heavy reliance on the profit motive to secure the necessary war materials. The unprecedented outpouring of goods during the war years is a testimonial to the effectiveness of the profit motive.

There are several factors that have aided greatly in the productivity that has been achieved under the profit system. One is the natural wealth and resources at our disposal. The other is the maintenance of a nation-wide free market, the largest single market in the world. These factors have aided in making it possible to meet the basic economic requirements of the nation with a minimum of effort, with the result that manpower and machinery have been available for the production of luxury and semi-luxury goods and services. It is the widespread distribution of such goods among the mass of American families that has raised our living standards so far beyond those of any other country.

Individual Initiative. By encouraging individuals to seek private profit we tend to develop individual initiative. A free individual who can retain the results of his own efforts is likely to develop his talents and abilities to the utmost. While it is true that this sometimes results in wasteful and inefficient production, by and large the results are better than when some central authority tries to dictate who shall do what. With profit as the goal, the individual generally recognizes that he must produce something that the people need, want, or can use. He must be as efficient as, or more efficient than, his competitors. His price must be reasonable. To maximize his profit he seeks a wide market, which means large-scale production. Thus, while the individual pursues a purely personal profit motive, he simultaneously engages in useful and productive economic activity which benefits the whole society.

Private Property. Along with the profit motive comes the recognition that the individual has the right to keep whatever wealth he can accumulate (subject, of course, to income taxes, death taxes, and other public charges). *Private property* denotes a legally recognized relationship between a person and an article of value. The owner has the right to keep, use, or dispose of the article as he sees fit, so long as he does not injure others in the exercise of this right. We maintain a police force, at least in part, to uphold this right, and we punish those who steal the property of others. In a collectivistic economy, this right is severely restricted to personal items, such as clothing and household goods. The right of private persons to receive the benefits of income-producing property, whether it be land or a factory, is not recognized. In this country, private property is a fundamental right. Without it our system could not operate.

Freedom and Guarantee of Contract. A capitalistic economy is characterized by indirect or roundabout production. Raw materials are ordered long before they are needed. Orders are placed long before delivery. Years may elapse between the organization of a business and the first sale of its product. All of this involves time, or futurity; and our system of production can not operate effectively unless the persons who are needed in production can make whatever contracts they require, and unless they can be certain that these contracts will be fulfilled. This right and guarantee is rigidly upheld by our courts. Failure to abide by a contract means that the second party can sue to recover damages or can take other legal action to protect his interests. Failure to pay the interest on a mortgage when the interest is due gives the mortgage-holder the right to take the property.

Free Competition. The American system is also known as a *competitive system,* although a thorough analysis will show that competition is largely absent in many important parts of the economy. The following chapter discusses the competitive system in more detail, while a later chapter points out the development of monopolies and the undesirable effects of the elimination of competition.[1] However, there remains a considerable element of competition in the economy so that a few general comments about its operation and effects are in order.

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[1] *Chapter Forty-one,* "Government and Business," in Vol. II.

Free or full competition means an economic situation in which there are so many buyers and sellers of a given commodity that, regardless of what any single buyer or seller may do, there will be no appreciable effect either on the price of the commodity or on the quantity available. This is essentially what Adam Smith had in mind in 1776 when he published his famous volume, *The Wealth of Nations.* He wrote that when business men actively compete with each other in the markets in order to make a profit, they automatically promote the best public interest by their actions. When we hear today of the virtues of competition we are still reminded of Adam Smith's concept of the "harmony of interests"; namely, that the best social interest is promoted when we permit business men to earn all the profits they can. It should be pointed out that, in the absence of the conditions which existed in 1776, the results Adam Smith wrote about are not automatically forthcoming today.

Smith reasoned that, with no buyer or seller in any superior position, the only way one could make more money would be by producing a better product or by reducing the price of the existing product by virtue of greater efficiency in production. The consuming public would receive the benefits in new or better products at lower prices. There is little doubt about these results as long as free competition obtains. However, the private rewards of monopoly are such that there seems to be a continuous and almost inevitable tendency to eliminate competition wherever possible. By the same token, the benefits to the public of retaining and enforcing competition in most fields of production are so great that the power of government is used frequently to restrain any further development toward monopoly. The results, unfortunately, are not very encouraging. There are some who suggest that the government enter into competition with private firms in order to retain the benefits of the competitive system.[2]

THE ORGANIZATION OF PRODUCTION

There are many other elements and characteristics of the American economy which will be described in subsequent chapters.

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[2] Oscar Lange and Abba P. Lerner, *The American Way of Business*, National Education Association, Washington, D. C., 1944, pp. 31 ff.

Those mentioned above are so commonplace that they are often taken for granted and overlooked. They are vitally important, however, to the existence and operation of the American economic system.

With profit as his objective, what does the business man or enterpriser have to do in order to realize this objective? Let us assume that he has studied the clothing industry and that he has concluded that he can make a substantial profit by selling a certain quantity of men's suits. His job now is to organize for the production and sale of these suits. He must gather the personnel, materials, and resources necessary in the business. In other words, he must organize the factors of production into a productive unit.

The Factors of Production. The factors of production are land, labor, capital, and management, the latter represented by our business man or enterpriser. The first task is to raise enough funds to insure the finances necessary for the success of the enterprise. Success is not guaranteed, to be sure, but it is expected. The enterpriser may put up his own money or only a part of it; he may borrow from banks, from friends, or from other interested parties. With these funds he purchases the land, buildings, machinery, and other equipment needed in the business. The money involved thus far is ordinarily considered as the "capital"; but to the economist *capital* consists of goods intended for further production. This would include the building, machinery, and durable equipment, known as the *fixed capital,* and the raw materials, coal, etc., known as the *circulating capital.* These capital goods are an important factor of production in a highly developed technical society. In many of our complex industrial plants there may be as much as $10,000 worth of capital equipment for each worker employed.

Of the four factors of production listed above, two are basic and two are derived. Land is one of the two basic factors; labor is the other. Capital results from the effects of labor on land, while management is merely a specialized form of labor. *Labor* is defined as any human effort, physical or mental, directed toward the production of economic goods. *Land* is defined as any of the gifts of nature, including the physical land, its fertility, and anything on it, under it, or above it which is attributable to nature.

Our business man must buy or rent a piece of land in order to erect his factory, and must hire many kinds of labor to produce his suits. Finally, he must try to sell his suits in competition with other suit manufacturers. If he sells all of his suits and not only receives enough to pay all of the costs involved, including taxes, but also has some money left over, we say he has made a profit. If the profit is satisfactory, that is, large enough to make him willing to repeat the productive process, then the economy has benefited. Workers have jobs, and consumers have suits. All depends, however, on the ability to make a profit. If demand should fall and prices drop, the profit may turn into a loss and the whole productive process may come to a halt. This is a basic weakness of the profit system which needs to be corrected.

The Principle of Diminishing Returns. In the foregoing illustration, it was stated that the enterpriser hires land, labor, and capital in his productive enterprise. He not only hires them, but he must know exactly how much of each he will need in his business. An analysis of the causes of business failures shows that a large proportion of these failures can be attributed to a faulty combination of the factors of production. A frequent fault is too little capital. There would be no problem of the right combination if it were not for the *principle of diminishing returns.* It is difficult to state this principle simply, as the following discussion will show; but briefly, it refers to the fact that in any productive enterprise there is one combination of productive factors which gives a larger return per unit than any other combination, and that any change in this combination (ratio) will result in a smaller increase in output than was true of the original combination. This principle operates in all kinds of business and in all economic systems. Its existence complicates the productive process no end, but it is a fact that can not be avoided. We have learned how to overcome some of its consequences and how to postpone its operation, but it is always present. The extent to which an economy has succeeded in working around this principle is a fair indication of its success in providing decent living standards for its people.

Because of this principle, the enterpriser must calculate the proper size of his factory, the proper kind and number of machines and the right number of workers. In a keenly competitive field, there is very little leeway for the enterpriser. When there is a decline in business, or when prices begin to fall, only those whose businesses are most efficiently operated will survive.

Although the principle of diminishing returns applies to all factors of production and all kinds of business, it can best be illustrated and most easily understood with reference to agriculture. Let us assume that a farmer growing potatoes on one-acre plots of land has a number of these acre plots, each being of equal fertility. He has also the usual implements used in potato farming. On the first plot of ground, he raises potatoes without fertilizer, and he receives a yield of 35 bushels. On the other plots of land, he uses fertilizer, as indicated in the hypothetical table below, and his yield per acre is shown accordingly.

TABLE XXXII

UNITS OF FERTILIZER AND CORRESPONDING YIELDS OF POTATOES PER ACRE

Units of Fertilizer	*Total Yield*	*Additional Product*
no fertilizer	35 bushels	0 bushels
20 pounds*	75 bushels	40 bushels
40 pounds	95 bushels	20 bushels
60 pounds	110 bushels	15 bushels
80 pounds	120 bushels	10 bushels
100 pounds	125 bushels	5 bushels
120 pounds	125 bushels	0 bushels

* At this point begins the operation of the principle of diminishing returns. When more fertilizer is added, the increase in output is smaller than it was at this point.

It can be seen that the total yield increases as more and more fertilizer is added to the land, until 100 pounds of fertilizer per acre are applied. Above this amount the total yield does not increase; and eventually, if too much fertilizer were used, the total product would actually decline, because the crop would "smother." The column marked "additional product" gives the important information, so far as diminishing returns are concerned. The figures in this column tell us how much was added to the total product by successive units of fertilizer. Thus, when the first 20 pounds of fertilizer were added, the total product rose from 35 bushels to 75 bushels; hence, the contribution (the additional product) made by this fertilizer was 40 bushels. When 20 pounds more of fertilizer were added, the total product rose to 95 bushels. Hence, the addition to the total product made by the second unit of fertilizer was only 20 bushels, as against the 40 bushels resulting from the use of the first 20 pounds of fertilizer. In other words, the additional yield of potatoes per pound of fertilizer was only half as great as resulted from the application of the first 20 pounds of fertilizer. Eventually, as more units were added, a point was reached where additional units of fertilizer made no contribution to the total product. What applies to fertilizer is true of other forms of capital and labor as well.

From our illustration we may state the *principle of diminishing returns* thus: Assuming no change in the methods of production, if successive units of capital or labor are added to a fixed area of land, then, after a certain point has been reached, each added unit will make a smaller contribution to the total product than the preceding unit.

This principle applies to all productive activity, not to agriculture alone. Any one of the factors of production, or any combination of them, may be held constant, while varying proportions of the other factor, or factors, are used. Eventually, the contribution of one of the units of the variable factor to the total product will be less than the contribution of the preceding unit. At that point, the principle of diminishing returns enters. The successful enterpriser must know and understand the application of this principle, because, other things being equal, the man who conducts his business most nearly in accordance with this principle will have the lowest costs of production, and hence will be able to undersell his competitors.

It should be mentioned here that the actual level of production is not determined by the point of diminishing returns. In most cases, production is carried far beyond this point. While it is true that the added product will be less per unit of added in-put as we go beyond this point in production, it may be *profitable* to do so. Thus, in our illustration above, if 20 pounds of fertilizer cost $4.00 and potatoes are selling for $1.00 a bushel, it would pay the farmer to apply 100 pounds of fertilizer to each acre of land. The extra 20 pounds of fertilizer will yield 5 extra bushels of potatoes, or an expenditure of $4.00 will yield a return of $5.00, with a profit of $1.00. This is $1.00 more of profit than was available previously, so that production would tend to go up to this point. The application of 120 pounds of fertilizer to the acre will yield no additional product, so that it would involve the loss of $4.00 (the cost of the fertilizer) of previous profit to carry production up to this point. The 100 pounds of fertilizer represents the *point of most profitable use.*

FORMS OF BUSINESS ORGANIZATION

In the illustration of the manufacturer of men's suits it was pointed out that he could raise money for his business in a variety of ways. Each way represents one of the forms of business organization. Along with the historical expansion of the American economy there took place developments and refinements in the methods of organizing businesses, particularly in the case of the corporation. Before discussing the corporation, descriptions of the single proprietorship and of the partnership forms of business organization are in order.

The Individual Proprietorship. The most common form of business organization is the single or individual proprietorship. This form has the largest total number, but it has lost out to the corporation in value of product turned out, number of employees, and other important comparisons. Nevertheless, it represents an important element in the economy. It gives form and meaning to the term "individual initiative." It presents an opportunity for the expression of individualism. It has the following advantages: (1) It is easily and cheaply established. (2) It requires only a moderate investment, usually within the reach of an individual. (3) All profits are retained by the individual owner. There is a direct relation between the efforts put in by the proprietor and any rewards that may be forthcoming. (4) It permits the fullest freedom of action. No one else has to be consulted. The location, size, or even the nature of the business can be changed at the will of the proprietor. (5) To many persons there is satisfaction in being able to say, "I am the boss."

This form is especially advantageous in businesses where personal service is involved. It is usually found in neighborhood stores, gasoline stations, all kinds of service enterprises, such as tailoring and barbering, and similar businesses. Most professional offices, such as those of doctors and lawyers, and most farm establishments also come under this classification.

There are some disadvantages of the single proprietorship which must also be noted. The statistics show that the most numerous failures in business are found in this form of organization. Apparently, it is a case of "easy in and easier out." Among the disadvantages are these: (1) The proprietor must perform all of the productive functions, and many enterprisers are not equipped to do all satisfactorily. (2) Few proprietors are willing to risk all they have in one venture; therefore, the capital of most proprietorships is severely limited. (3) The continued functioning of the business depends upon the health of the individual. There are usually no replacements or substitutes available. (4) While the proprietor is entitled to all the profits, he is also subject to all the losses of the business. His entire personal wealth is subject to seizure to satisfy the claims of business creditors.

The Partnership. The second form of business organization is the partnership. In recent years, like the individual proprietorship, it has lost ground to the corporation, chiefly because of its inflexibility. Partnerships are found chiefly in retail and wholesale establishments and among certain professions. A partnership exists when two or more persons combine their property, skill, or ability in conducting a business for profit. It is usually based on a contract which sets forth the rights and responsibilities of the several partners.

Each partner is individually responsible, up to the value of his personal estate, for all debts and obligations assumed in the name of the partnership. Hence it is important that the partners know each other and can trust each other. Occasionally a "silent" partner may be added for additional capital. He may not care to take part in the actual business, and he usually is unwilling to assume all responsibilities of full partners, especially in reference to the debts. He is likely to become a limited partner, making known to all parties concerned the extent of his liability.

In the formation of a partnership, it is possible to establish a larger capital than in the single proprietorship, because each of the partners contributes his share of the necessary funds. In addition, each partner is likely to have some special talents of use to the business. One may be an excellent manager, a second an excellent advertiser or salesman, a third an accountant, etc. In this way a relatively high degree of managerial specialization and efficiency can be achieved. This form is especially useful where secrecy is advantageous, as in professional practice and financial enterprises.

Since the partnership is an agreement among specific persons, it is dependent upon these same individuals for its continued existence. If a partner dies or wishes to retire, the partnership is dissolved. This need not, however, require the breaking up of the business. A new partnership can readily be established among the remaining partners or with new partners added.

The Corporation. The third form of business organization is the corporation. Its beginnings can be traced back for centuries, but its full development came in this country after the Civil War. The exploitation of our natural resources, the populating of the western lands, and the full development of modern industry and technology could hardly have come about without this flexible form of business organization.

The English made extensive use of this form of business in the establishment of their colonies and in developing trade with them. The Plymouth Company was a joint stock company organized for profit. Trade expeditions to the Indies were similarly organized, with each voyage a separate business enterprise. In time, permanence was granted by the issuance of perpetual charters from the Crown, thereby eliminating the trouble of disbanding and reorganizing for each venture.

With the development of manufacturing in the United States following the War of 1812 and with the extension of the Industrial Revolution to this country, the single proprietorship and the partnership could not meet the demands of large-scale industry. It was the corporation which developed to meet this need.

The great advantage of this form of enterprise was the benefit it received from the principle of limited liability. As long as a man's entire estate was at stake in any business venture, he was not likely to take great chances. When the courts accepted the idea that a man should be liable only to the amount of his own investment, the way was open for a tremendous expansion in investments of all kinds. Investors in England could be induced to finance the development of the United States. All kinds of new business ventures could now attract funds from many small investors. The period of tremendous railroad building was made possible, along with the fabulous fake ventures which resulted in heavy losses to countless innocent investors. The latter situation reached its climax in the stock-market collapse of 1929.

A *corporation* is an association of individuals acting under a charter granted by the state, in the pursuance of a certain stated enterprise. Originally, each corporation was required to seek a state law granting it a specific charter, with the result that it was the object of political pressure and abuse. Favoritism, financial bribery, and other undesirable conditions resulted. To correct this situation, the states, about 1840, began passing general incorporation acts, setting up standard procedures and fees for all corporations. The fees paid for charters were sought after by some of the state legislatures, with the result that some of the states became very lax in their requirements. The state of Delaware is known today as "the incorporating state," since so many of our national corporations are chartered by it. It places fewer restrictions upon the directors of corporations, which makes it easier for the directors to control their corporations. There has been some agitation in recent years to enact national chartering legislation, in order to facilitate Congressional regulation and control of corporations doing interstate business.

The United States Supreme Court lent a powerful hand in the development and protection of corporate interests. By its decisions holding that corporations were "persons" within the meaning of the law, it gave a special protection to these corporations. This rule was of great benefit to the corporations when the states and the Federal government attempted to regulate the public utility corporations. As a legal person, a corporation has an identity separate and apart from its owners. It may make contracts, own property, sue and be sued. It is also taxed as an individual entity.

A corporation is created by two contracts: one between the state and the corporation, known as the "charter"; the other between the corporation and the stockholders, known as a "share." (The share is evidenced by a stock certificate.) The charter states the name of the corporation, the object for which it was formed, its place of business, the number and classes of shares it is authorized to issue and sell, the names of the directors, and other pertinent information. While it is generally supposed that corporations may engage in only that particular business specified in the charter, as a matter of practice there is no such limitation on most modern corporations. The flexibility provided in some of the state charters explains some of the strange ventures of old, established corporations.

There are many kinds of corporations, public and private, profit and nonprofit. Examples of public corporations are cities, school districts, and many Federal corporations, such as the Home Owners' Loan Corporation and the Federal Deposit Insurance Corporation. These are nonprofit corporations, as are private corporations in such fields as education, religion, and research. Our main interest here is with the private profit corporation.

In the establishment of a corporation the promoters are interested in two categories of people with money. One category is those who are looking for security and guarantees when they invest their funds. They buy the *bonds* of corporations, securing mortgages against the corporations' property as a guarantee. They merely lend their money, receiving a specified interest payment each year. Failure of the corporation to pay the interest when due gives the bondholders the right to take over the business in order to satisfy their claims. Bondholders have no voice in the operation of the corporation, except if the corporation is in default on its bonds and the right is specified.

The second group is those who are willing to risk their funds in the business. They purchase the corporation *stock*, and are thereby the owners of the business. They do not seek or receive guarantees that their investment will be secure. They naturally hope not only that their investment will be safe, but also that they will receive handsome returns each year. In recent decades, the latter element has tended to decline in importance. Many purchasers of corporation stocks are interested not in the yearly return but in the possibility of selling the stock at a higher price than they paid for it. This is known as speculation, and it played an important role in the financial crash of 1929.

The Stock Exchange. In addition to the advantage of limited liability there is another equally valuable privilege in stocks and bonds, namely, the power to buy or sell your securities at your pleasure. Many savers who have funds for investment would not be inclined to invest these funds if they had to be tied up for long periods of time. The development of the stock exchange removes this liability from corporate investments. It is true that if you lend money to a company to build a plant, the plant will not be sold or dismantled to return your money whenever you want or need it. With pieces of paper to represent your investment, it is a relatively easy matter to sell your holdings to someone else, without disturbing the functioning of the business. The stock exchange is the market place for the buying, selling, or exchanging of securities. It performs a valuable service to both corporations and investors, even though, like so many of our economic institutions, it has been much abused.

When a new corporation is being organized, or when an existing firm needs more money for expansion, the stock exchanges, brokers, investment bankers, and others play an important role. They act as the middlemen between the suppliers and users of investment funds. When large issues are involved, a group of investment houses will get together and form an underwriters' syndicate, to guarantee a certain amount of cash to the company and to peddle and support the new securities in the public markets. If the company succeeds and pays substantial dividends, there will be a heavy demand for the stock, and prices will be bid higher and higher. It should be noted that once the securities are sold to the public, the company does not receive any further cash return from them. Any increase in the value of the stock will be enjoyed by the persons holding the stock. Of course, every company is anxious to have its securities hold up in the market, because the securities tend to reflect the operations of the business. If the stock of a company rises, it will probably do so because the rate of profits or dividends being paid to stockholders is higher than the current market rate, which indicates that the company is sound and prosperous.

If the speculative fever hits the stock market, this close relationship between the dividends and the value of the stock tends to vanish. In the insane fever of the 1928 and 1929 boom, investors bought any kind of securities they could find, wholly without reference to the nature, location, or profitability of the business involved. In fact, as later evidence showed, many victims bought securities in companies that existed only on paper or in some promoter's imagination. These practices resulted in sweeping reforms and in Federal regulation in the middle 1930's.

Corporation Stock. Ownership in a corporation is indicated by shares of stock. Some of our larger corporations have 300,000 to 400,000 individual stockholders. There are many kinds of stock with many different provisions, so that no general statement is likely to be a true description of all stock. We recognize two major classes of stock, the common and the preferred. The latter is called *preferred* because it has certain prior claims or rights over the common stock. The dividends represent the profits of a company. The company must ordinarily earn the profit, and the board of directors must declare a dividend before the stockholders receive their checks. If the profits are small, then the preferred stock may get its full rate of dividends before the common stock receives anything. This is one of the prior claims of the preferred stock. Another has to do with the liquidation of the company, an event which seldom happens and hence has not too great value for the preferred stockholder. If liquidation should occur and something remains after all other claims have been paid, then the preferred stockholders are returned their full investment before any returns are made to the common stockholders.

A more frequent development is that the company fails, which means that it is unable to meet its guaranteed obligations. A company is not really bankrupt until all of the equity of the owners, that is, the full value of the stockholders' ownership, has been used up. When this occurs, the company is turned over to the courts and the properties are sold to satisfy the claims of the creditors. Usually not enough money is raised to meet all of these claims, so that nothing remains to be distributed among the stockholders. In this situation, the prior claim of the preferred stockholders is meaningless.

When the market for funds is light, extra advantages are added to the preferred stock. The holders of some type of preferred stock have the right to participate in large profits after both the preferred and common stock have received a fixed rate. Others have a cumulative feature, which means that if no dividends are paid in any year, the preferred stock will receive a double dividend the following year (if it is earned) before the common stock receives anything. In practice, however, once a dividend is passed it is improbable that it will be made up in the future. The final decision will rest with the board of directors.

In return for the rights and privileges conferred, the holders of preferred stock usually surrender their right to vote in stockholders' meetings. This implies that in most business corporations the voting power and hence the control of the corporation rests with the common stock. In some states, such as Illinois, no class of stock may be deprived of the voting power. The result of this provision has been that few important business corporations are chartered in Illinois. Instead, the charters are secured from Delaware or some other state where this provision is absent.

Theoretically, one must hold over 50 per cent of the voting stock of a corporation to control it. In practice, however, as Berle and Means so cogently point out,[3] it requires only a small percentage of the voting stock to secure and retain control of the larger corporations. What this signifies is that there is a sharp division between the ownership and the control of the modern corporation. It was generally assumed that a part owner would have some voice in the actual management of his firm. Most common stockholders do not have a voice in the running of their firms, nor do they care to have a voice. Their only interest is in receiving the annual or periodic dividend check. To cast a vote one must attend the stockholders' meeting. The holder of a few shares could hardly afford to do so. Hence, when the board of directors asks the shareholder to let the board cast his vote for him by proxy, he either refuses, in which case the vote is nullified, or he assents, and the board casts his vote for its slate of officers, with the result that the board is able to perpetuate itself. It may sound democratic to say that 400,000 persons are the owners of a particular business, but there is little evidence of the democratic process in the actual functioning of the firm. Nor is there any impelling reason why the firm should be run democratically. The separation between the ownership and control of our corporations, however, has resulted in some unfortunate developments, such as the tremendous concentration of economic and political power in the hands of a relatively small group of individuals.

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[3] A. A. Berle, Jr., and G. C. Means, *The Modern Corporation and Private Property*, The Macmillan Co., New York, 1939.

Common stock is important not only because it has the voting power but also because it can secure very large dividends if profits are large. After the dividends on preferred stock are declared, the remainder often is given to the common shares. Some individuals have received tremendous returns in this manner. In some companies, the organizers and promoters of the business vote a large portion of the common stock to themselves as compensation for services. If the company fails, all they lose is their time and effort, and perhaps a small actual cash investment. If the firm succeeds, they can keep large profits for themselves as company directors and holders of common stock.

Frequently, the directors use portions of the profit to improve and increase the business. This increases the value or net worth of the firm and also increases the value of the stock outstanding. If this surplus becomes substantial, the directors may declare a stock dividend (as contrasted with a cash dividend on stock), which means that each shareholder will receive additional shares of stock in proportion to his original holdings. The shareholder does not necessarily receive any greater value than he had before, but he has it in a more convenient form. He can sell his new stock and still retain his original share which then may have a lower value.

The Role of the Corporation in American Life. All studies of the corporation indicate that it is a dominant factor in modern American economic life. Numerically, as was indicated above, the individual enterprise is more important than the corporation. Most of the 6,000,000 American farmers are individual enterprisers, and most of the 2,000,000 firms in the manufacturing, mining, wholesale trade, retail trade, and the service industries are individually owned or are partnerships.[4] There are, on the other hand, only about 500,000 corporations; but in recent decades the number of corporations has increased at a faster rate than the other forms of organization. The really significant comparisons, however, are in terms of the extent to which the corporation dominates the important industries in the United States. The table below shows this comparison.

TABLE XXXIII

IMPORTANCE OF CORPORATE ACTIVITY
(1937)

Industry	*Percentage of Business Done by Corporations in Each Industry*
Electric light, power, manufactured gas	100
Communication	100
Mining	96
Manufacturing	92
Transportation	89
Finance	84
Government	58
Trade	58
Contract Construction	36
Service	30
Miscellaneous	33
Agriculture	7

Source: *Hearings before the Temporary National Economic Committee,* Part I, p. 96.

The fact that corporations dominate the major industries is of no special concern by itself. We certainly want a more efficient form of organization to replace a less efficient form. The disturbing development has been the fact that there has been a decided concentration of the total corporate wealth in the hands of a relatively few gigantic corporations. The table below shows the extent to which a small percentage of the total number of the corporations in each major industry controls the total corporate assets of the industry.

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[4] *Hearings before the Temporary National Economic Committee,* Part I, pp. 83–100. For a good over-all description of the TNEC, see David Lynch, *The Concentration of Economic Power,* Columbia University Press, New York, 1946.

TABLE XXXIV

ASSETS OF LARGE CORPORATIONS OF $5,000,000 AND MORE: PERCENTAGE OF INDUSTRY TOTAL, 1935

Branch of Activity	*Percentage of Total Corporate Assets*	*Percentage of Total Number of Corporations*
Transportation and public utilities	93	4.6
Finance	78	2.6
Manufacturing	66	1.5
Mining and quarrying	65	2.5
Trade	35	0.3
Service	31	.6
Agriculture	28	.7
Construction	25	.2

Source: *Hearings before the Temporary National Economic Committee*, Part I, p. 230.

A closer examination of manufacturing shows a similar concentration within each of the major manufacturing industries. A small percentage of the total number of firms in the industry controls a sizable percentage of the corporate wealth of the industry. TABLE XXXV below shows this situation.

In this table it is seen that a few large firms control most of the business in the given industries; but there is no indication as to how many firms are represented by these percentages. A closer examination of the various industries shows that these percentages often actually represent only one, two, three, or four corporations. Thus, three companies produce 86 per cent of our automobiles, two companies produce 47 per cent of our beef products, three companies produce 80 per cent of our cigarettes, two companies produce 95 per cent of our plate glass, three companies produce 61 per cent of our steel, four companies produce 58 per cent of our whiskey, and so on.[5] The percentages differ from industry to industry, but the general picture is the same, and the trend over the years seems to be in the direction of even greater concentration of industry.

TABLE XXXV

ASSETS OF LARGE CORPORATIONS OF $5,000,000 AND MORE: PERCENTAGE OF INDUSTRY TOTAL, 1935

Industry	*Percentage of Total Corporate Assets*	*Percentage of Total Number of Corporations*
Tobacco products	92	5.9
Chemicals and allied products	86	2.7
Rubber products	80	4.3
Metal and metal products	74	2.0
Paper and paper products	62	3.5
Food and kindred products	60	1.2
Stone, clay, and glass products	56	1.8
Printing, publishing, and allied industries	43	.7
Textiles and their products	39	1.0
Forest products	38	1.0
Liquor and other beverages	29	1.0

Source: *Hearings before the Temporary National Economic Committee,* Part I, p. 231.

The picture of the concentration of economic power presented above does not tell the complete story. Along with the increase in the size and power of individual firms in each industry, there developed a system of control by which a few industrialists and investment houses gained dominance in groups of industries. By interlocking directorates, under which a handful of bank directors and industrialists would become members of the boards of directors of numerous corporations, it became possible for the two hundred largest nonfinancial corporations to control almost half the corporate wealth of the nation.[6]

Enough has been said to demonstrate that the corporation dominates the American economic system. Many still insist on calling it a "competitive" system, and it is true that various kinds and degrees of competition exist in most industries; but certainly there is little in common between what we have today and the competitive system described by Adam Smith. The concentration of industry, regardless of its motives or advantages, has meant a corresponding decline in competition, which means that society has been deprived of the flexibility and protection of competitive industry. Extreme economic power usually carries with it strong political power, and, needless to say, the political power is generally used for the benefit of those having economic power.

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[5] *Ibid.,* Part I, p. 115.

[6] Berle and Means, *The Modern Corporation and Private Property,* The Macmillan Co., New York, 1933, p. 45.

It is possible for business firms to become more powerful without necessarily eliminating competition; but, in the main, the growth of corporations has resulted in the growth of monopoly power. The government has attempted to restrain the development of monopoly,[7] but so far it has not had much success. Any attempt to regulate industry is opposed as interference with free enterprise and the profit system. It would seem that so long as we support the profit system we must expect business men to take action which will secure their profits. If at times this means that the public welfare is not promoted or protected, it is up to society to decide what it is going to do about it. Thus, we have enacted blue-sky laws and security regulation under the Securities and Exchanges Commission to protect the investor. We enacted the Holding Company Act of 1935 to prevent the recurrence of abuses that cost American investors billions of dollars. We have also enacted various anti-trust laws to deal with the attempts to eliminate competition in industry and trade.

The Cooperative Form of Business Organization. A discussion of the American economy would not be complete without some mention of cooperatives and public enterprises.[8] Cooperative enterprises are found in many fields, including retailing and wholesaling, housing, credit unions, and farming. They differ in operation from the corporation in that each shareholder has one vote in the business, regardless of the number of shares he owns. In addition, the shareholders are, for the most part, the customers. Thus, the customers, rather than absentee owners, receive the profits. The profits are called *patronage refunds*, and are paid to shareholders in proportion to the amount of goods purchased by the shareholders. The basic objective of cooperatives is to reduce the cost of goods or services to those participating in the venture. Although there is a large number of cooperative ventures in the United States, they do only a small percentage of the total volume of business.

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[7] See *Chapter Forty-one*, Vol. II, for a discussion of this subject.

[8] See *Chapter Twenty-four*, "The Consumer," for further discussion of this subject.

Public Enterprises. A large and apparently increasing volume of business, particularly in the field of services, is being done by public enterprises. These are businesses owned by the various levels of government, which means that they are publicly owned and that they are run for the public welfare. They are not concerned with the making of profit, but they are charged with the responsibility of providing adequate service at a reasonable cost. Not infrequently these ventures lose money and the losses are made up by special tax levies or through general taxation. Examples of public enterprises are the postal service and various publicly owned utilities, such as water service and street transportation.

It is generally recognized that there are certain public services that must be provided, but which can not be provided safely and economically by private companies at a profit. These services obviously must be performed by the public itself. There are other goods and services that can be supplied to the public with profit to private firms; and it is recognized generally that such businesses should remain in private hands. Between these two is an indefinite area in which there is no clear-cut division between the two alternatives. It is in this area that public enterprises have grown in recent decades. Whether this development continues will depend pretty largely on the extent to which the private enterprise system fulfills its obligations to society. The public feels that it has a right to expect certain things as part of a decent American standard of living. If private owners can not or will not supply decent local transportation at a reasonable price, then the public will take steps to provide the service for itself. If adequate housing is not available at prices the majority can afford to pay, then we may expect some kind of public action to result. The same may be said for other things, such as insurance, medical care, education, and so on. Such developments do not come about as a result of the agitation of opponents of the American economic system, but are largely the result of the inability or the unwillingness of the competitive system to do the kind of job the people feel they have a right to expect. Later chapters will discuss this problem in more detail; but it may be said in conclusion that no economic system is likely to survive if it does not do a reasonable job of providing for the economic needs and wants of its people. By all reasonable comparisons with other economic systems, the private enterprise or profit system has done a better job than the other systems. It can be further improved, however, and its weaknesses can be corrected.

TERMS TO BE UNDERSTOOD

village economy
manorial system
profit system
private property
right of contract
"harmony of interests"
factors of production
diminishing returns
individual proprietorship
partnership
corporation
limited liability
bond
stock
preferred stock
common stock
stock exchange
speculation
equity
stock dividend
public enterprise

QUESTIONS FOR DISCUSSION

1. The manor was described as a "self-sufficient economic unit." What does this mean? Can you cite any recent experiences in economic self-sufficiency? What are the advantages and disadvantages of this condition?
2. How does the American economic system differ from other systems you have heard or read about? Make a list of the relative advantages and disadvantages of each.
3. It has been said that every right and privilege carries with it a corresponding responsibility. Make a list of the rights and privileges the individual enjoys in the American economic system and state the corresponding responsibility imposed upon him. To what extent do we honor these responsibilities?
4. "Production for profit is more wasteful than production for use." What does this statement mean? Do you agree with it? How does it apply to the American economy?

5. Can the operation of the principle of diminishing returns be circumvented? What is its significance in production?
6. Must we preserve individual proprietorship in order to preserve competition? Why, or why not?
7. Explain the rapid rise of the corporation since the Civil War. Would you say that the corporation has had a "wholesome" effect on the development of the American economy? Defend your answer.
8. Has the American economy met its responsibilities to the American people? If you believe it has not, what should be done about it? If you believe it has, show why you think so.

FOR FURTHER STUDY

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Chapter Seventeen

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THE PRICE SYSTEM

The Importance of Trade. If every person made his living by his own unaided efforts, if he produced independently, with materials of his own gathering, everything that he consumed, there would be no need of buying or selling, no markets, and no problems of trade. Neither would there be any unemployment. Everyone would work for himself, everyone would be self-sufficient, and most of our modern economic problems, which grow out of dependence on one another through trade, simply would not exist.

But the actual situation is very different. Though the farmer, for example, may raise several kinds of food, he does not produce all his food, and he must buy practically everything else he needs. The industrial worker is even more dependent on the market for satisfying his wants. In the modern factory a worker does not produce even one commodity in its entirety. He does not make an automobile, a sewing machine, or a suit of clothes. Instead, he performs some small specialized service which contributes to the production of the final product. This specialization brings great gains in efficiency, but it also places each worker in greater dependence on others. We must all of us depend on others to produce the things we consume; and we must likewise depend on others to buy our own products to furnish us with money income.

This universal reliance on the selling of goods and services is one of the most significant characteristics of our present economic order. It accounts for the importance and complexity of modern trade. It makes all parts of the economic system highly interdependent. It means that if the demand for any important commodity falls off, large numbers of people find it more difficult to make a living. For instance, as long as an automobile manufacturer has a steady market at sufficiently good prices, he can make an income for himself, pay wages to all his employees, and buy necessary raw materials. But if his sales fall off, or the prices he can get fall below his costs, he must reduce production and discharge some of his men. Many of these men will then have no way of getting a living, especially if other industries are also laying off workers. They do not know how to farm, and anyway they have no farms. They lack the equipment, the materials, and the necessary skills for making clothing, houses, furniture, and other consumers' goods which they need. With the failure of the market for the one thing they have to sell—their labor—they are helpless.

The Importance of Prices. If a large volume of goods is to be produced, if the opportunity for employment is to be kept open to everyone, the stream of trade must be broad and steady. But the maintenance of a large and steady flow of trade depends, to a significant degree, upon prices. Trade represents voluntary exchanges of goods. If prices go too low, sellers will reduce their offerings; if prices go too high, buyers will reduce their takings. In order to keep a steady volume of trade, both buyers and sellers must be satisfied, and a number of fairly definite price relationships must be maintained. For example, the price, or wages, of labor must not be too high in proportion to the price of manufactured goods; for, if it is, manufacturers cannot afford to hire the labor to continue production. Nor should the price of labor be too low, for then the workers will not be able to buy the goods placed on the market. Again, the price of farm products must not go too low in proportion to industrial products; for, if it does, the farmers cannot buy a normal amount of clothing and machinery, and that will create unemployment in the cities. Once a system of price relationships has been established that makes possible a high level of trade and production, any serious disturbance of it is likely to check economic activity and bring on a depression.

Since prices play such a central part in the operation of our economy, it is necessary that we should understand the forces by which prices are determined.

The Meaning of the Term "Market." Before discussing how prices are determined, we must have a clear concept of what we mean by a *market*. In everyday speech this term is used very loosely. It is quite common to say of anything that can be sold that there is a market for it. At the one extreme this may mean that a single potential buyer is known to exist; at the other extreme it may mean that millions of people stand ready to buy it at one price or another. Frequently, when we speak of a market we mean merely a place where people come together to buy and sell. Thus in many cities we find a fish market, a flower market, a farmers' market, or, in the stock exchange, a stock market. Again, the term "market" may refer to a definite but rather extensive area in which a product is sold. We speak, for example, of the California market or the European market. But when we say that the price of a commodity is determined in the market, we are using the term in still another sense.

The market in which price is determined consists of the whole field or area in which the forces influencing price operate. To make the concept more definite, we might think of it as including, first, all the people interested in buying and selling a commodity, and whose actions might influence its price; and second, all the factors which influence their actions. When we say, for example, that the market for wheat is world-wide, we mean not only that it sometimes pays to ship wheat to the other side of the world, but also that the behavior of buyers and sellers in India may affect the price in Chicago, in Winnipeg, and in Liverpool, or vice versa. When, on the other hand, we say that the market for gravel is local, we mean not only that it does not pay to ship it from Ohio to California, but also that the demand, supply, and price in Ohio have no direct influence on the price in California.

PRICE DETERMINATION UNDER VARYING MARKET CONDITIONS

Perfect Competition. The forces which determine prices are different under different circumstances. In some cases, as with many commodities during World War II, prices are arbitrarily set by government order; in other cases, they are fixed by private monopolists; and in still other cases, they are determined by the competition of buyers and sellers in markets which are more or less free. There seems little doubt that in the long run the most important factor controlling prices is competition. Nevertheless, it must be recognized that, in recent years, there has been a great expansion of monopoly and of government controls.

The concept of competition is not a simple one, for competition may take different forms and may exist in different degrees. However, we will have a better understanding of the relation of competition to prices if we first study the situation which economists usually call *perfect competition.*[1]

When we say that there is perfect competition in the market for a product, we mean that the following conditions exist:

(1) There are a great many buyers and sellers, and no one of them alone is important enough to have an appreciable effect on the market price.
(2) The buyers and sellers are acting independently, and are not organized into monopolistic groups.
(3) They have some knowledge of the market, especially of the market price.
(4) They are all dealing in the same product.
(5) There is no attempt on the part of the government to set prices, or to interfere in other ways with bargaining between buyers and sellers.

Price Determination under Competition. To the extent that market conditions approximate perfect competition, the price of a commodity is determined by competition among buyers and sellers, or, as we commonly say, by *supply* and *demand.*

In their popular use, supply and demand have different and often uncertain meanings. For example, sometimes "supply" means the stock of a good on hand, sometimes the amount sold in a given period of time, sometimes the amount sellers would like to sell if they could get the "right" price. Likewise, "demand" may mean desire for a good, it may mean willingness to purchase, or it may mean the amount actually purchased in a given period of time. It should be especially emphasized that "demand," as used by economists, is never synonymous with "need" or "desire," because it implies, in addition, ability to purchase. Though a penniless beggar may have a great *desire* for food, he can exercise no *demand.* Demand has sometimes been defined by economists as desire for a good plus the willingness and ability to purchase it at a given price. However, the concepts of both demand and supply are of interest to us chiefly as an aid to understanding how competition determines prices. And for this purpose it is most useful to define the demand for a good as its *demand schedule,* and the supply of a good as its *supply schedule.*

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[1] Some economists prefer the term *pure competition* to describe what is here called perfect competition.

A supply schedule is a list of the quantities of a good that sellers would offer at each of various conceivable prices. Similarly, a demand schedule is a list of the quantities of a good that buyers would take, if they could get them, at each of various conceivable prices. Both supply and demand schedules, we should note, refer to given markets and to given periods of time during which there is no significant change in economic conditions. To illustrate how supply and demand, as we have just defined them, determine prices, let us suppose that in a certain week when business conditions are rather stable the following supply and demand (schedules) exist in the egg market of a large city.

TABLE XXXVI

SUPPLY AND DEMAND FOR EGGS

Price per Dozen	*Supply*	*Demand*
	Number of Dozens That Would Be Offered for Sale at the Prices Indicated	*Number of Dozens That Would Be Bid for at the Prices Indicated*
10¢	100,000	650,000
20¢	300,000	450,000
30¢	370,000	420,000
40¢	400,000	400,000
50¢	420,000	300,000
60¢	440,000	170,000
70¢	460,000	70,000

Under the foregoing conditions, which imply free competition, the price of eggs cannot remain much above or below 40 cents a dozen. It cannot remain at 30 cents, because at that price buyers will try to purchase 420,000 dozens, but sellers will part with only 370,000 dozens. Some of the unsatisfied buyers, rather than go without their eggs, will offer more than 30 cents, thus raising the market price. But if the price goes to 50 cents, it cannot remain there either. At that price, sellers will try to sell 420,000 dozens of eggs, but buyers will take only 300,000 dozens. Rather than be left with the eggs on their hands, some of the sellers will offer their eggs for less, and so the market price will drop. But at 40 cents the price is in equilibrium, because the quantity buyers will take is equal to the quantity sellers will offer.

Other things being equal, it is generally true, as illustrated by our egg market, that the higher the price of a commodity the more will be offered for sale and the less will be bought. However, this is not true to the same degree in all cases. Some commodities, for example, have a very *elastic* demand. This means that if there is a substantial rise in price, people will buy much less, while if there is a substantial fall in price people will buy much more. Other commodities have a rather *inelastic* demand, so that changes in price, within limits, have very little effect on the amounts purchased. As a rule, the demand for luxuries is elastic, while the demand for inexpensive necessities is inelastic. If the price of fur coats should double, purchases would decline very sharply. On the other hand, it is unlikely that doubling the price of table salt would have any important effect on the amount people would buy.

An *increase* in demand (or supply), in the schedule sense, means that at each price more eggs will be bought (or offered for sale) than before. A *decrease* means that, at each price, fewer will be bought (or offered for sale). Let us suppose that a year after the week to which the schedules in our table apply, the money incomes of egg buyers have risen; and that, as a result, they stand ready to buy, at each price listed, 120,000 dozens of eggs more than before. Since this is an increase in demand without any change in supply, you would expect the price of eggs to have risen. If you make the necessary additions in the table, you will find that this is just what has happened, and that the new market price is 50 cents a dozen.

This situation is represented graphically in Figure 17. In this figure price is indicated on the vertical axis, quantities of eggs on the horizontal axis. Each price on the original demand schedule, and the corresponding quantity of eggs, can be represented by a point. When we plot all these points and connect them by a smooth curve, we obtain the *demand curve* DD. Using a similar procedure we are able to represent the new demand schedule by the demand curve D^1D^1, and the supply schedule by the *supply curve* SS. Notice that each point on D^1D^1 is to the right of the corresponding point on DD. Since an increase in demand in the schedule sense means that buyers will purchase more eggs than before *at the same prices,* such an increase can be shown graphically by shifting the entire demand curve to the right. A decrease in demand can be shown by shifting the curve to the left. Similarly, an increase in supply can be indicated by shifting the entire supply curve to the right, and a decrease by shifting it to the left.

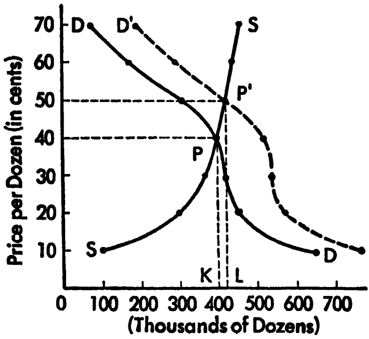

FIG. 17. Supply and demand for eggs.

Figure 17 indicates that the increase in schedule demand from DD to D^1D^1 caused the price to rise from PK to PL, or from 40 cents to 50 cents. By studying Figure 17 the reader can readily see that a change in price might result from a change in demand alone, from a change in supply alone, or from a change in both.

Price Determination under Monopoly. The explanation of price determination just given applies to competitive situations, but not to monopoly. Under monopoly, there is only one seller of a good;

and he can therefore set the price. However, if the monopolist is seeking good profits, he must not set his price too high. A very high price will give a large profit margin on each unit of a commodity sold, but it may result in such small sales that total profits will not be great. A more moderate profit on each unit, coupled with large sales, is likely to yield a much better return. In other words, the monopolist controls supply, but not demand; and, though he can set his own price, he cannot make people buy as much at a high price as they would at a low price. His problem is to maximize his total profit, which is his profit per unit times the number of units he sells.

A monopolist's control over price is always subject to important limitations. Sometimes his monopoly is the result of combining a number of competing firms; and, if he sets a rather high price, he may encourage new competition to spring up. Again, if he sells a necessity for which satisfactory substitutes are not available, a high monopoly price will bring on a demand for government regulation of his business. Finally, even if he can avoid new competition or government regulation, a very high price will cause people to turn to substitutes whenever possible.

Competition of Substitutes. Paradoxical as it may seem, only in the rarest cases is a monopolist entirely free from competition. The competition which he faces is the competition of substitute products. To say that one has a complete monopoly means only that no one else sells the very same product. But there are nearly always substitutes or products that serve much the same needs of the consumer. Usually, oranges can be replaced by grapefruit; beef by pork; street cars by private automobiles; aluminum by iron, copper, or magnesium; and butter by oleomargarine. The degree of power over price which a monopolist has depends largely on how numerous, how cheap, and how good are the substitutes which compete with his product. If the substitutes are very poor, he need pay little attention to them. On the other hand, if they are very good, he may be forced to meet an extremely effective kind of competition.

But in spite of the fact that the power of monopolies is limited in various ways, it remains true that monopoly prices are likely to be much higher than competitive prices; and it is for this reason that monopoly is a serious social problem.

The Monopoly Problem. Unquestionably, in the last fifty years or more, there has been a trend toward monopoly in many fields of business. This has not been entirely unwelcome to business men, because, as a rule, they do not like to have to sell in a highly competitive market. The reason is that competition tends to keep prices near costs and thus to reduce profits.

In most industries, however, there are great advantages to society in competition. As a rule, it gives consumers better products at lower prices; and lower prices also mean larger sales. Even if consumers did not buy larger quantities of the good whose price was reduced by competition, they would have more money to spend on other goods, and this would result in more employment of labor, more wages available for all kinds of spending, and therefore higher standards of living. Monopoly, on the other hand, has serious social disadvantages. It is common knowledge that a monopoly, through its power to raise prices, is able to levy a kind of tax on every consumer. However, the greatest evil in monopoly is not that it taxes the individual consumer, but that the high price which it is likely to maintain reduces sales and production, and thereby creates or maintains unemployment. The gain of the monopolist is usually the loss of the community, because the average standard of living can be raised, not by restricting, but only by increasing the production of the goods and services that the people want.

Strictly speaking, monopoly constitutes not one problem, but a number of problems, because different circumstances prevail in different monopolized industries. Since some of these problems are given attention in later chapters, we shall not discuss them further at this point.

Price under Imperfect Competition. Few commodities are traded in under conditions that closely approximate perfect competition; neither are very many things sold under conditions of outright monopoly. Most of the actual situations fall somewhere in between; for, while clear-cut monopoly does not exist, competition is so imperfect that individual producers do have some control over price.

In the following paragraphs we shall consider some of the market situations which fall between perfect competition and complete monopoly.

Oligopoly. Under perfect competition, it will be recalled, there are many independent sellers, and no one of these sellers is important enough to be able to influence the market price. In the real world, however, some important commodities are produced and sold by only a limited number of firms. In some such cases, there are as many as a dozen or twenty firms in the market; in other cases, there are only two or three. Good illustrations of imperfect competition resulting from the presence of a limited number of sellers may be found in the markets for aluminum, for automobiles, and for steel. To the situation which exists when there are only a few sellers in a market we apply the term *oligopoly.* If the number of sellers is reduced to only two, we have the special case of oligopoly which is known as *duopoly.*

A market in which oligopoly prevails is likely to behave very differently from a market which approaches perfect competition. Under perfect competition no one producer has any control whatever over price. Under oligopoly, on the other hand, the individual producer does exert some control over the price for which he sells his product; and a change in the rate of output of even one firm may have a significant effect on the market supply and on the prices which other producers are able to obtain. As a result, the personal equation often plays an important role under oligopoly in determining market policies and price. Every producer will watch his competitors and try to guess how each of them is going to act. Under oligopoly, because of the uncertain nature of the supply situation, it does not mean much to represent price as an equilibrium between a demand schedule and a supply schedule.

Perhaps the most significant characteristic of oligopoly is its tendency to approach monopoly. If a product is sold by hundreds of producers, as is the case in highly competitive markets, it is usually impossible to get an effective agreement to limit output or to fix prices. However, when only a few producers are involved, reaching an agreement among them is often quite easy. In this country monopolistic agreements to limit output and fix prices are illegal under the anti-trust laws, but often such agreements are made informally and secretly. In other cases, the firms in a given industry may succeed in following common policies for their mutual benefit without even getting together to make an actual agreement. They recognize that a price-cutting war would be injurious to all of them, and so the custom develops of "following the leader." This leader is often the largest firm in the industry. The leader is allowed to initiate price changes, and the other firms then adjust their prices accordingly.

Product Differentiation. One of the assumptions of perfect competition is that buyers and sellers are all dealing in the same commodity. This, however, raises the question of what we mean by a "commodity." Few if any commodities are uniform. Eggs, for example, vary in color, size, and freshness; and these variations are important to the consumer. Fresh eggs are not really the same commodity as storage eggs, evidence of which can be found not only in their taste but also in the fact that they will command a substantially higher price in the market. Automobiles are another commodity which is far from uniform. Fords, for example, differ from Chevrolets, and Chevrolets in turn differ from Plymouths. In the case of automobiles, each individual producer makes a car which is somewhat unique, and each producer is the sole source of supply of his own particular make or brand.

Whenever a producer makes a product, like an automobile, which is somewhat different from the similar product of any other producer, he has, in a sense, a monopoly. Such a monopoly, to be sure, gives him only a limited control over price, because other producers make similar products which can readily be substituted for his. Nevertheless, it is well-known that "monopolies" based on product differentiation, and the use of a firm name or a trademark, are often the source of very substantial profits.[2] However, we do not usually think of these producers of differentiated products as monopolists. Instead, we regard them as competitors, but competitors who are selling their products in a market where competition is not perfect.

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[2] In the field of photographic materials and equipment this is well illustrated by the Eastman Company and its "Kodak" trade-mark. In the soft drink field it is illustrated by the "Coca-Cola" trade-mark.

It is clear that no definite line can be drawn between monopoly and imperfect competition which results from product differentiation; and, further, it should be emphasized that the power of a monopolist over price is always very limited if good substitutes for his product are readily available.

Other things being equal, the power of a monopolist over price depends on the degree to which his product is unique and irreplaceable. Every manufacturer of trade-marked cookies has a monopoly of cookies bearing his trade-mark, and, in the eyes of many consumers, the trade-mark makes a real difference. Yet if he raises his prices very much he will lose nearly all his customers, because they will substitute other brands of cookies. His power to raise prices successfully would, of course, be much greater if he had a monopoly of all cookies. It would be still greater if he had a monopoly of all pastries, and immeasurably greater if he had a monopoly of all food products, because in this last case no substitution would be possible.

Through the use of trade-marks and trade names, there is an element of monopoly in the sale of most manufactured or processed goods; and yet there is competition, too, and often very active and effective competition. It is not, however, competition between identical products. Rather, it is competition between products that, though somewhat different, like two makes of automobiles, can nevertheless be readily substituted for one another.

THE NATURE AND MEASUREMENT OF PRICE CHANGES

Unstable Prices. We have pointed out that, if a steady volume of trade, production, and employment is to be maintained, certain fairly definite price relationships must exist among the various goods and services offered for sale in the market. But since the prices of most things, instead of being fixed once and for all, are subject to frequent changes, any price relationships that may become established are constantly being disrupted. This fact creates a number of serious problems.

The price changes which we must take into account are of two kinds: first, those produced by variations in demand or supply conditions for a particular commodity, and affecting other commodities very little; and second, those produced by factors that affect all commodities, and thus tend to make the prices of a great many things go up or down. The first type of price change can be illustrated by a rise in the price of wheat when a blight reduces the supply. The prices of other commodities are not directly affected. The second type of price change can be illustrated by a rise in the price of wheat brought about by an increase in demand resulting from an increase in employment and income. In this case, the same factor that increases the demand for wheat will increase the demand for other goods, stimulating their prices to rise also. When the prices of most goods are going up, we say that the general price level is rising. The term "general price level" means simply the average of all prices.

Value and Price. In order to understand the relation of the prices of particular commodities to the general price level, one should understand the distinction between value and price. In economic discussion "value" ordinarily means exchange value; and the value of a given good can, therefore, be measured directly only in terms of the other goods for which it can be traded. For example, the value of a piano is the loaves of bread, knives, suits of clothes, doctors' services, or whatever else can be had in exchange for it. "Price" is merely value expressed in money; and the price of a good is the amount of money for which it can be traded. There is no simple way of expressing in full the value of a piano in goods, but its price can be stated readily as, let us say, $500.

Frequently, the distinction between price and value is important. At any given time we can compare the values of different goods accurately enough by comparing their prices; but changes in the price of a commodity over a period of time may be no indication whatever of how its value has changed, because in the meantime there may have been a shift in the general price level. If a pair of shoes at any given time is worth $5 and a coat $40, it will take eight pairs of shoes to buy the coat; or the value of the coat is eight times the value of the pair of shoes. But suppose the price of our coat rises to $80. If other prices remain unchanged, the value of the coat has doubled, for it will command twice as much as before in other kinds of goods. However, if, on an average, the prices of other goods have also doubled, the value of the coat is no greater than before, for $80 will buy no more than $40 would formerly. What has happened is that the value of money has declined as the general price level has risen. The value of money is its power to command goods in exchange; therefore, when the price level is doubled, the value, or buying power, of a given amount of money is cut in half.

The yard is our common measure of length, and the dollar is our common measure of value. But the dollar is not so good a measure as the yard, because, while the length of the yard is always the same, the value of the dollar changes with every change in the price level.

Measuring Changes in the General Price Level. We have already defined the general price level as the average of all prices. But how are we to find such an average? One might think this would be very simple. Actually, it is so difficult that a famous economist, David Ricardo, once thought it impossible. Stop and think about it a moment. How would you average the prices of a $15 ton of coal, a $3 yard of silk, a 20-cent quart of milk, and a $5 doctor's visit? If you add these prices and divide by four, you get $5.80. But $5.80 for what? The figure is meaningless, because you cannot reduce either the commodities or the units in which you measure them to a common denominator.

There is, however, a fairly satisfactory solution for this problem of finding a price average. It consists of the use of *index numbers.* A price index number is a kind of average, but it is not an absolute number expressed in dollars and cents. Rather, it is a ratio, or percentage, which shows how prices at one time compare with prices at another time. It usually expresses the price level of a group of commodities in a given year as a percentage of their price level in some other year. This latter year is chosen for purposes of comparison and is called the *base.*

There are different ways of calculating price index numbers. One way is to add up the prices, in the year chosen for the base, of a long list of commodities; then to add up the prices of the same commodities in each of the years for which an index is desired; and finally to express these latter price sums or aggregates as percentages of the price aggregate for the base year. Index numbers found in this way are *unweighted,* that is, they make no allowance for the fact that some commodities are much more important than others. The price of a pound of table salt, for example, is added in with the price of a pound of bread, without considering that people buy much more bread than table salt.

If an index number is to take account of the relative importance of different commodities, it must be *weighted.* To calculate a weighted index number, it is necessary to begin by multiplying the price of each commodity by some quantity which represents its relative importance in comparison with other commodities. The quantity used for this purpose is called a *weight.* After the price of each commodity is multiplied by the proper weight, the resulting products are added together to obtain a *weighted price aggregate.* This price aggregate is then reduced to an index number by expressing it as a percentage of the weighted price aggregate obtained for the base year.

Probably the most widely used price index in this country is that calculated by the Bureau of Labor Statistics of the Federal government. This is a weighted index based on the wholesale prices of several hundred commodities. The method used is as follows: The weight assigned to each commodity is the quantity sold in some representative year. Any convenient year may be selected for the determination of these commodity weights; but, once decided upon, the same weights must be used in finding all the yearly index numbers. The index number for any given year is calculated by first multiplying the average price of each commodity during the year by the proper weight. Next, the resulting products, or total values, are added in order to get a weighted price aggregate. This aggregate is then reduced to a percentage of the corresponding aggregate for the base year in order to get the index number for the year in question. It is clear that, as a result of this method, the greater the weight assigned to any commodity, the greater will be the influence of the commodity on the price index obtained.

The following table, though using only three commodities instead of hundreds, illustrates the calculation of an index by the process just described. The reader should study this table carefully to be sure that he has a clear understanding of the method employed.

TABLE XXXVII

THE CALCULATION OF WHOLESALE PRICE INDEXES

Commodities	*Prices in 1960 (Base Year)*	*Quantities Sold in 1960*	*Total Values at 1960 prices (Base Year)*	*Prices in 1970*	*Total Values at 1970 prices*
Cotton per lb.	$ 0.25	1,000,000,000 pounds	$ 250,000,000	$0.20	$200,000,000
Wheat per bu.	2.00	500,000,000 bushels	1,000,000,000	1.00	500,000,000
Gasoline per bbl.	10.00	75,000,000 barrels	750,000,000	8.00	600,000,000
Weighted price aggregates			$2,000,000,000		$1,300,000,000
Price indexes			100		65

The data in the above table are obviously fictitious. At present the Bureau of Labor Statistics actually uses 1926 as the base year for calculating its wholesale price index. The following table indicates some of the major fluctuations which have taken place in this index in the last half century. Note the sharp fall in the index which accompanied the decline in business activity from 1929 to 1932. Note, also, that wholesale prices more than doubled from 1939 to 1948, and that the greater part of this rise occurred, not during the war, but after 1945.

TABLE XXXVIII

WHOLESALE PRICES IN THE UNITED STATES, 1914 TO 1947

1914	68.1
1920	154.4
1926	100.
1929	95.3
1932	64.8
1939	77.1
1945	105.8
1948	165.1

THE EFFECTS OF PRICE CHANGES

Any considerable rise or fall in the general price level is likely to be accompanied by other economic disturbances, such as changes in the volume of production and employment. Such disturbances, however, are not primarily a result of the change in prices. Rather, they result from the same condition which is the principal factor in shifts of the price level, namely, a change in the rate at which people spend money for goods and services. Changes in the total money demand for goods have a direct effect, not only on prices, but also on production and employment. However, although price changes are not the primary factor in all economic disturbances which accompany them, they contribute to these disturbances and are the major factor in certain types of maladjustment.

Sticky Prices as a Source of Economic Maladjustment. Substantial changes in the price level create economic problems, but these problems arise, not so much because of changes in the price level itself as from two significant circumstances that are always associated with such changes. The first of these circumstances is that, when the price level changes, there is no corresponding change in the volume of debt obligations, because these are fixed by contract. The second circumstance is that a change in the price level is never accompanied by a uniform change in the prices of individual commodities. On the contrary, some individual prices are extremely resistant to change, while others respond readily to the same forces which cause the rise or fall in the general price level. Prices which resist change are said to be "sticky," and these sticky prices are an important source of the maladjustments which accompany a change in the general price level.

Disregarding for the moment the question of debts, it is clear that a change in the general price level would be a matter of minor importance if the prices of all goods and services, including labor, changed in the same proportion. Most of the trouble arises from the fact that this does not happen. While some prices change a great deal, other prices change little or not at all. Suppose that the prices of food and clothing should rise, but that the price (wages) which you received for your labor also rose, and by the same percentage. Obviously, you would be no better and no worse off than before. However, if food and clothing rose sharply in price while your wages remained the same, or rose only a little, you would suffer serious loss. Likewise, you might suffer in one way or another if prices fell, because when this happens some prices fall more than others. Suppose, for example, that you worked in a men's clothing factory, and that the price of men's suits went down. If the price of cloth did not go down, and if you and your fellow workers refused to accept lower wages, your employer might have to lay you off to save himself losses. He might even be forced out of business; and, in either case, you would lose your means of earning a living.

Prices resist change for many reasons. Sometimes, as in the case of railroad fares, they are regulated by the government. Sometimes, as in the case of doctor's fees, or as in the case of the nickel package of chewing gum, they are pretty firmly fixed by custom. In still other cases, they are controlled by a monopolist. But, whatever the reason for sticky prices, so long as they exist, any change in the general price level is bound to disturb the normal price relationships which are necessary for the maintenance of trade, production, employment, and income.

We must not, however, attribute to sticky prices all the disturbances which accompany a change in the price level. If a rise or fall in prices affected all commodities uniformly, it would still create problems because of the existence of debtor and creditor relationships.

The Price Level and Debtors and Creditors. It is commonly said that debtors benefit and creditors lose when prices rise, and that the reverse is true when prices fall. Suppose that John Jones lent Thomas Smith $1,000 in 1913, and that Smith paid it back in 1920 when the price level was more than twice as high. While Smith repaid the same amount of money that he received, this money would buy less than half as much as when he borrowed it. Jones appears to have been the loser. However, it is not clear that his loss is the result of the lending transaction; for, if he had hoarded his $1,000 in a mattress, its purchasing power would have shrunk just as much. He could have saved himself from this loss only by spending his money in 1913 on better living, or by investing it in a piece of property like a house, the money value of which might have risen with the price level. Nevertheless, it remains true that creditors, insofar as their incomes depend on payments of interest and principal on loans, suffer a shrinkage of purchasing power when prices rise. The opposite is also true, that they gain in purchasing power when prices fall.

Whether rising prices really benefit a particular debtor depends chiefly on their effect on his money income. Suppose you have a fixed income of $5,000 a year and are paying 5 per cent interest, or $1,000 a year, on a $20,000 mortgage. If prices rise sharply you are worse off, because your cost of living goes up, and it becomes much more difficult for you to meet your interest payment of $1,000. On the other hand, if your money income rises proportionately to prices, your position is improved.

The farmer with a mortgage is one of those who generally benefit from a rise in prices. Suppose a farmer is paying $1,000 annually in interest and principal on a mortgage, and is doing this out of an income of $2,000. This leaves him only $1,000 for his living expenses. Now suppose the price level doubles. Since farm products are usually sensitive to the forces which cause price changes, we will assume that their prices also double, and that the farmer's income rises to $4,000. His mortgage payment of $1,000 now leaves him $3,000 for living expenses, or three times as much money as he had before. To be sure, the cost of living is also higher, but even if we assume that it has doubled along with the price level, he still has considerably more purchasing power than before.

A falling price level, however, can work great hardships upon farmers who carry mortgages, at times to the extent of creating a national problem. Take the case of our farmer who is paying $1,000 interest and principal out of a $2,000 income. Suppose now that the price level drops 50 per cent and that farm prices drop in proportion. If the farmer's total income is then reduced to $1,000, he has, after payments on his mortgage, nothing at all left over to live on. If he does not make the payments when they fall due, he will probably lose his farm. This is the sort of situation that faced hundreds of thousands of farmers in the depression years following 1929. In some cases their situation was so desperate that they defied eviction by the sheriff. In a few rural communities feeling ran so high that riots occurred when the sheriff tried to sell at public auction the property of a farmer who had defaulted on his mortgage.

The Price Level and Fixed Incomes. Few people, excepting the recipients of well-secured annuities, have money incomes that are really fixed. However, there are other groups whose incomes are relatively stable. Among these are government employees, people who depend on interest from savings, and people who depend on interest from high-grade bonds. Falling prices benefit these stable income groups, while rising prices injure them, for the obvious reason that in the former case their money will buy more, in the latter case less. An extreme rise in prices, like that which took place in China during and after World War II, can reduce such groups to abject poverty by destroying their purchasing power almost completely.

The Price Level and the Worker. It is usually said that rising prices injure wage earners and salaried workers because wages and salaries rise more slowly than other prices. In other words, they are sticky and resist change. Conversely, it is said that falling prices benefit workers because wages and salaries fall less rapidly than other prices.

For a man with a steady job at full time this reasoning is usually correct, but for the working class as a whole its validity is doubtful. Periods of rising prices are generally periods of increasing business activity and increasing employment, and workers as a group are likely to benefit through the increase in jobs. If pay rolls rise faster than prices, there is a net gain for the workers even if wage rates lag. On the other hand, periods of falling prices are generally periods of business decline, and even though wage rates resist the downward trend, the workers as a group are likely to suffer a net loss because of increasing unemployment.

Some exceptions must be made to the statement that wage rates tend to lag behind prices. Under the conditions which existed during World War II wage rates often rose faster than prices. This was partly a result of price controls, partly a result of the unusually intense demand for labor, and partly a result of the growing power of the labor unions.

Price Changes and Prosperity. Rising prices and increasing prosperity nearly always go together. Why should this be so? If it is the higher prices themselves that bring prosperity, then the way to get the country out of depression would be to raise prices by any method available. That seems to have been the reasoning of many who advocated the NRA (National Recovery Act) codes during the great depression of the 1930's. If, they said, the firms in each industry were allowed to get together, raise depression prices to a "fair" level, and eliminate "chiselers," the result would be a restoration of good wages, good profits, and general business prosperity. Unfortunately, this reasoning involved a misunderstanding of the relationship between prosperity and rising prices. The rise of prices in a normal period of business recovery is the direct result of the same factor which is the primary cause of the general expansion in business activity. This factor, which has already been noted, is an increase in total demand, that is, an increase in the total money expenditures of the public for goods and services. However, in the absence of a preceding increase in the total demand for goods, an increase in prices as a result of monopolistic agreements cannot be expected to bring prosperity. Instead it will reduce sales and thereby reduce production, employment, and workers' incomes. It is probable that the National Recovery Act codes, in spite of their name, were an obstacle rather than an aid to recovery.

Just as rising prices are associated with recovery, so falling prices are associated with business recession; but in neither case is the change in the price level the chief cause of the change in the rate of business activity. Nevertheless, once an increase in demand brings about a rise in prices, the rise in prices does, in itself, tend to stimulate business recovery. Likewise, once a decline in prices is underway, the decline does, in itself, tend to cause business contraction. Here, again, the existence of sticky prices is a factor of major importance.

We shall not at this point further examine the relations between the price level and the rate of business activity, because we shall return to this topic later, in the chapter dealing with business cycles.

THE CONTROL OF PRICES

So far, we have been assuming that buyers and sellers can bargain with one another freely, and that prices are determined in the market without any interference by government. This is the usual situation in time of peace. The chief exception, in the United States, has been in the public utility industries. These industries are of such a nature that they ordinarily are operated as monopolies. As a result, government agencies long ago undertook to regulate their prices in order to protect the public from excessive charges.

In recent years, however, to meet one or another type of emergency, price controls have at times been greatly extended. During World War I some use was made of such controls to protect consumers and the government against excessively high commodity prices. In the depression years of the 1930's, controls were again employed, but this time the purpose was to raise the prices of farm products from their depression lows in order to ease the economic position of the farmers. With the entry of the United States into World War II, direct price controls were applied to a great variety of commodities. Again, as in World War I, the principal purpose was to protect consumers and the government from high prices.

The Case against Price Control in Normal Times. Under normal conditions, the objections to direct price controls outweigh the advantages. Where competition is reasonably effective, there is a strong case for keeping markets free of such controls and allowing prices to seek their own level. Permitting prices to be determined by the forces of competition benefits the community in a variety of ways.

The first advantage of leaving prices free to seek their own level is that a free price tends to rise or fall until it reaches the level at which the amount of the commodity offered for sale is just equal to the amount which people will buy. In free and competitive markets, there are not likely to be shortages of staple commodities, at least not the kind of shortages which we experienced during the war under a system of price controls. In a free market, if not enough butter is being produced to satisfy buyers at the existing price, the price will rise until demand and supply are brought into equilibrium. This equilibrium will result from two developments. First, buyers will reduce their purchases of butter in response to the high price. Second, allowing a little time, producers will begin to increase their output because butter-making is now more profitable.

It may be said that in a free market, price performs the function of *rationing,* that is, of limiting purchases so that there will be enough of any given commodity to go around. In such a market, at the equilibrium price, each buyer can have as much as he is willing and able to pay for; but the price will be high enough so that buyers as a group will not try to purchase more than is made available. Of course, price does not ration goods on the basis of justice or equity to buyers. Rather, it rations them in such a way as to favor those who have relatively large incomes. Any attempt, however, to keep prices lower than their equilibrium level by setting arbitrary price ceilings will always result in shortages. At a price below the point of equilibrum, buyers will attempt to purchase more of a commodity than sellers can or will make available. The reader can illustrate this for himself graphically by referring to Figure 17, and assuming that, when the equilibrium price is 40 cents, the ceiling price is fixed at, say, 30 cents.

A second advantage of leaving prices free to be determined by supply and demand is that the resulting price changes tend to bring about a more efficient use of the productive resources of the community. Resources are shifted from the production of products which consumers desire less to the production of those which they desire more. For example, let us suppose that the demand for corn should decline, while the demand for wheat should increase. As a result, the price of corn would fall and the price of wheat would rise. It would then be less profitable to produce the former and more profitable to produce the latter. This would cause some land and labor to be shifted from the production of corn to the production of wheat, and since the wheat gained would be more desired than the corn output which was lost, there would be an increase in the total amount of satisfaction realized by consumers.

Leaving prices to be determined by the forces of the market has still other advantages. It prevents the development of black markets, as well as other troublesome problems that arise when the government attempts to enforce arbitrarily established prices. It also gives both producers and consumers more freedom to seek their own best interests. Last, but not least, it permits trade to be carried on with greater ease and with a minimum loss of time and effort. One of the greatest objections to direct price controls is their tremendous cost in money, time, labor, and inconvenience. The government spends many millions of dollars in setting up price controls and the rationing schemes which are their necessary accompaniment; and it spends additional millions in enforcing these controls. Then business spends even more than government in order to handle ration coupons and the extra paper work required to operate under a system of price ceilings. Worst of all, the public spends billions of hours in getting ration coupons and in searching from store to store as each person tries to fill his quota of commodities which have become especially scarce.

The Case for Price Control in Time of War. In spite of the objections to direct price controls, the case for them in time of war is strong. When a major war is fought, disruption of the economic life of a nation is so great that the ordinary processes of competition can no longer be depended on to regulate prices in a satisfactory way. In World War II the money income of the people of the United States rose rapidly because of increasing employment and higher wage rates. This meant a great increase in the demand for consumer goods at the very time that the production of many of these goods was being sharply restricted in order to expand the output of war goods. Had prices been left uncontrolled, it is probable that they would have risen very rapidly, and in the case of certain especially scarce goods the rise would have been extreme. Under these circumstances it seemed best to resort to direct price controls in spite of their undesirable features.

For the government to have permitted an extreme rise in prices would have been very unwise for several reasons: (1) It would have impaired national unity and morale by imposing extreme hardship upon millions of our citizens whose money incomes were more or less fixed. (2) By making production of civilian goods extremely profitable, it would have discouraged the shifting of plant, materials, and labor to war production. (3) It would have started an uncontrollable spiral of inflation. Higher costs of living bring insistent demands for higher wages, and any substantial general rise in wages in wartime creates irresistible upward pressures on prices. (4) It would have meant a great increase in the money costs of the war, and hence a national debt even larger than the one actually incurred.

In order to avoid the difficulties just mentioned, a system of price controls and rationing was set up soon after the United States entered the war. After this system went into effect, American consumers bought most essential commodities under *price ceilings* set up by the OPA, or Office of Price Administration. However, the result of keeping prices at a low level when goods are scarce and people have plenty of money is that there will not be enough to go around. At the ceiling prices shortages will rapidly appear. If no further action is taken, the result is likely to be that people near the centers where a commodity is produced will get most of it, while people less favorably situated will get almost none. To prevent this, a system of rationing individual consumers was set up. Each person was given coupons permitting the purchase of only a limited amount of the essential commodities which were expected to become scarce. Under a system of rationing, if the ration quotas are correctly set and adequately enforced, each person will get his fair share of the limited stock of goods which is available.

To set price ceilings is one thing; to enforce them successfully is another. When prices are arbitrarily set below the level at which supply and demand would be in equilibrium, buyers who want more goods and sellers who want more money will be tempted to trade secretly at prices above the ceilings. In other words, *black markets* will develop.

The control of black markets is very difficult. During a war, however, patriotism is at a high pitch, and the pressure of public opinion helps to keep such markets within limits. Rationing also is an aid in their control. The incentive for selling goods in black markets is the high prices obtainable. Rationing, by limiting the purchases of consumers, reduces somewhat the upward pressure on prices which would otherwise be exerted by unsatisfied buyers.

Furthermore, the requirement that dealers sell goods only in exchange for ration coupons provides an additional means by which illegal sales may be uncovered.

Considering the great difficulties involved, price control and rationing worked remarkably well during the war. However, their success depended in part upon support by other measures. The great force which kept exerting upward pressure on prices during the war was not, as often supposed, a marked reduction in the over-all output of consumer goods. Rather, it was a tremendous inflation of the national income, which rose from about 72 billions in 1939 to over 180 billions in 1945. In order to reduce the danger of a widespread breakdown of price control, it was necessary to drain off at least a portion of the extra income which the public was receiving. This was accomplished in part by the sale of war bonds and in part by a great increase in taxes. However, war-bond sales and increased taxes put together were not nearly enough to offset the increase in the national income. As a result, inflationary pressures increased as the war progressed.

Price Control in Time of Peace. Attention has already been called to the fact that the price level rose more after the war than it did during the war. This was a development to be expected. During the war our national income, in terms of money, increased a great deal more than our capacity to produce goods even at full employment. When the war was over, most price and rationing controls were soon abandoned. As a result, when people began to spend their larger incomes more freely, there were not enough goods to go around at the prevailing price level. This was true even after industry had completed its reconversion from the production of war goods to the production of civilian goods. Total demand, in terms of money, exceeded total supply. The inevitable consequence, after the removal of price controls, was a relatively rapid rise in the price level. It was only through a considerable inflation of prices that an equilibrium could be re-established between the amount of goods available and the total amount of money that people were able and willing to spend.

Though the postwar rise in prices was inevitable under the circumstances, it brought a strong demand in some quarters for a revival of price control and rationing. The chief argument for such action was that the rise in prices lowered living standards, and that it brought special hardship to certain groups whose money incomes had increased very little or not at all.

It can be argued with some force that price controls should have been removed in a more gradual and orderly fashion. However, once wartime price controls have been abandoned, the case against reviving them in time of peace is very strong. As applied to the period following World War I, some of the factors to be considered were the following: (1) Though inflation of the type suffered by this country after World War II undoubtedly brought real hardship to many, there was often a tendency to exaggerate the extent of such hardship. The great majority of Americans had substantially more purchasing power in 1948 than they had in 1939, because their money incomes had increased more than prices. (2) Since money incomes increased more than our capacity to produce goods, the only way to re-establish equilibrium was to permit the price level to rise. In such a situation, to keep prices down arbitrarily would have created shortages, and would have kept people from spending their money on the things they most wanted. (3) In time of peace it would be difficult, if not impossible, to get whole-hearted public support of price control and rationing. It would also be extremely difficult to prevent black markets from operating on a large scale. (4) As noted earlier, the social costs of price control and rationing are great in money, time, labor, and inconvenience. (5) There is great danger that, if a system of price control and rationing were adopted in peace time, it might be continued indefinitely. (6) If price control and rationing became permanent, business would be saddled with a system of bureaucratic regulations which would endanger our whole system of private enterprise. (7) At best, a system of price controls and rationing merely attacks the symptoms of inflation and not the underlying causes. The primary factors in an extensive rise in the general price level are monetary. The immediate factor is a great increase in total money expenditures. This increase in expenditures is made possible by an increase in money incomes; and the increase in money incomes is made possible by an increase in the quantity of money, and perhaps also by an increase in the rate of turnover of money.

The only adequate remedy for price inflation is to take measures which will prevent the money supply and the national income from expanding faster than the output of goods.

Rent Control. A payment which a consumer makes for the use of a house or apartment is a price just as truly as what he pays for a pound of butter. Although most price controls were removed in the United States shortly after World War II, an important exception was control of the rents of dwelling units. These were continued in force, and several years after the end of the war they had been modified to only a limited degree.

There is one argument in favor of continuing wartime rent controls that does not apply with equal force to other price controls. An acute shortage of housing, such as existed just after World War II, can be remedied only over a period of some years. Meanwhile rents, if uncontrolled, might rise to such a high level as to cause great hardship for many consumers in the lower income groups. Thus, continuance of rent control appears to have been desirable as a temporary postwar measure.

The most serious objection to the maintenance of rent controls over a period of years is that they tend to discourage the private construction of apartments and other rental housing. This is true even though new construction is exempted from control, because investors fear that in the future there may be a change of policy. It seems clear that if we expect private enterprise to furnish our future housing, any rent ceilings established in time of war should be removed gradually after the war.

However, some writers believe that, even without ceilings, private enterprise can never provide decent housing at rents which the lower income groups can pay. They believe that the only solution of this problem is for the government to subsidize or to build such housing. Meanwhile, until the government can fulfill its obligation to provide adequate low-cost housing, they argue that the low-income groups should be protected by rent ceilings.

Price Flexibility vs. Price Stabilization. We have seen that in time of war direct price controls may be desirable as the only alternative to uncontrolled inflation. However, we have also seen that in normal times the disadvantages and costs of such price controls outweigh their benefits. In an economy in which markets are free and uncontrolled, price changes usually serve to bring about desirable economic adjustments, and they bring these adjustments about with a minimum of cost and effort. It is not, therefore, desirable to stabilize all prices completely. Commodities must fluctuate in price in order to keep supply and demand in balance. When we consider, on the other hand, the general price level, the situation is somewhat different. In this case, a considerable degree of stability is undoubtedly to be desired. However, even changes in the general price level are disturbing principally because some individual prices are rigid or sticky, and do not change in proportion.

There are two ways in which the disturbing effects of changes in the price level might be reduced. First, individual prices might be made more flexible, so that they would adjust themselves more readily to changes in the general price level. This would mean breaking up monopolies and monopolistic arrangements in order to widen the area of effective competition. Such a program would not be easy to carry out, because powerful forces seem to be operating to reduce competition. Second, the general price level might be made more stable. This would prevent certain maladjustments in the relations between debtors and creditors. It would also decrease the need for extensive changes in individual prices in order to keep them in the proper relationship to one another.

To stabilize the general price level in a free-enterprise economy would be difficult, but not necessarily impossible. If we could find effective ways to control the national income and the total volume of expenditures for goods and services, it is probable that we would have no great difficulty in stabilizing the price level, at least to the extent of preventing any wide fluctuations. What is doubtless more important, if we could control national income and national expenditure, we could control the rate of production of goods and the volume of employment. These problems will be dealt with in the next two chapters in connection with the discussion of money, fiscal policy, and the business cycle.

TERMS TO BE UNDERSTOOD

base year
black market
demand
demand curve
demand schedule
duopoly
elastic demand
equilibrium price
general price level
imperfect competition
inelastic demand
inflation
market
monopoly
oligopoly
perfect competition
price
price aggregate
price ceiling
price index number
rationing
sticky prices
supply
supply curve
supply schedule
unweighted price index
value
weight
weighted price index

QUESTIONS FOR DISCUSSION

1. Why are prices extremely important in our economic system?
2. Name several products whose prices are determined under conditions approaching perfect competition. Defend your choices.
3. Name several products produced by monopolies. In each case, discuss the limitations to which the monopoly is subject.
4. Explain the meaning of an increase or decrease in schedule demand. Do the same for schedule supply.
5. On a sheet of cross-ruled paper plot the supply and demand schedules shown in TABLE XXXVI, and draw the indicated supply and demand curves. Then increase by 75,000 dozens the quantity of eggs which sellers would offer at each price. On your original graph, plot and draw the new supply curve. What was the original equilibrium price? Approximately what is the new equilibrium price?
6. Are there disadvantages in competition from the standpoint of the public? In monopoly? In general, which is the more desirable? Would you make any exceptions to this?
7. "In many industries the growth of monopoly has eliminated competition." Discuss.
8. What are the two principal types of imperfect competition? Explain how each of these is related to monopoly.
9. Under imperfect competition does the individual producer have more or less control over price than under perfect competition? Explain.

10. Distinguish between value and price. Why is this distinction important?
11. In the table illustrating how the Bureau of Labor Statistics calculates an index number, change the 1970 prices to the following: cotton, 15 cents per pound; wheat, $1.50 per bushel; gasoline, $5.00 per barrel. Find the price index number for 1970.
12. To the best of your ability account for the following important changes in the price level; (1) the rise from 1914 to 1920; (2) the fall from 1920 to 1926; (3) the fall from 1929 to 1932; (4) the rise from 1939 to 1948.
13. Give several illustrations of how sticky prices may cause trouble when the general price level is rising or falling.
14. How do changes in the price level affect debtors and creditors? People with fixed incomes? Wage earners? Business prosperity?
15. (a) List the possible advantages of a system of direct price control. (b) List the principal disadvantages of such a system.
16. "In a free market, price performs the function of rationing." Explain.
17. Why is the case for price control especially strong in time of war?
18. Why do price controls, applied to essential commodities, make it necessary to set up a plan for rationing individual consumers?
19. Why do black markets spring up when prices are controlled?
20. Why was a substantial rise in prices inevitable when the war was ended and price controls removed?
21. It is sometimes said that price controls attack the symptoms and not the causes of inflation. Explain.
22. Are stable prices desirable? Explain.
23. How might the disturbances caused by price changes be reduced?

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Chapter Eighteen

MONEY AND FISCAL POLICY

THE NATURE AND FUNCTIONS OF MONEY

Money Defined. We all know that the coins and engraved pieces of paper which we carry in our pockets are money. Indeed, we are all so familiar with money that defining it may seem a waste of time. Yet it is not always easy to determine just what is, and what is not, money. Money does not consist entirely of government currency and coin. In a country like the United States, for example, most of the money which people have consists of deposits which they carry in a bank. It is sometimes supposed that these deposits represent currency and coin held by the banks. Such, however, is not the case, for the amount of currency and coin which the banks hold in reserve against deposits is comparatively small. If we leave the present and revert to times past, we find that a great variety of things have served as money in one part of the world or another. We shall, therefore, find it useful to begin our study of money with a definition.

As we shall employ the term in this book, *money is anything which, in a given community, serves as the common medium of exchange and the common standard of value.* By the common medium of exchange is meant the commodity or token which people are accustomed to accept in payment when they sell goods or services. They accept it, not because they can employ it in the direct satisfaction of their wants, but because they know they can always pass it on to others in exchange for things which they wish to buy. By the common standard, or measure, of value is meant any commodity or token which people are in the habit of employing whenever they estimate the exchange value of any other kind of wealth.

The Functions of Money. We have defined money in terms of its basic or *primary* functions. The first function of money is its use as a medium of exchange. When we sell goods we ordinarily want other goods, now or in the future. Under a barter system of trade, we would make the exchange directly. For example, if we had apples to sell and wanted a pig, we would try to find someone willing to give a pig in exchange for apples. In a money-using economy, however, we exchange goods indirectly. We sell our apples for money to anyone who is willing to buy apples. Later, at our convenience, we buy a pig from someone else. Under a barter system we must sell and buy at the same time; but by the use of money, we are able to separate the barter transaction into two parts, a sale at one time and a purchase at another.

The second function of money is its use as a standard or measure of value. This is its bookkeeping function, and is sometimes quite distinct from its function as a medium of exchange. Take, for example, the case of the farmer who sells produce to the country storekeeper and is credited with its money value on the storekeeper's books. Later, the farmer buys goods at the store against these credits. It is a kind of barter, because no actual money is used, yet the values are estimated and the books are kept in terms of money. Money is not only the measure of the current values of goods and services; it is also the measure of deferred payments, or debts. For this purpose it is not, to be sure, entirely satisfactory, because its own value changes. We have not, however, been able to find a substitute that is better.

In addition to its primary or basic functions as a medium of exchange and a standard of value, money performs certain *secondary* functions. These secondary functions grow out of, or are incidental to, the primary functions. A secondary function of considerable importance is the use of money as a *store of value.*

Wherever money is used as a medium of exchange it must to some extent be used as a store of value. In order to employ money conveniently for the purchase of goods and services, a person must follow the practice of keeping a certain amount of it on hand, that is to say, he must store, in the form of money, a certain amount of value or purchasing power. But when it comes to storing large amounts of value over long periods of time, one usually has a choice between holding money and holding other forms of property. Holding large amounts of wealth in the form of money is called *hoarding*. Hoarding is, of course, not uncommon. However, in modern civilized countries most people prefer to hold the bulk of their wealth in goods or property rights rather than in money.

Why Money Is Necessary for Carrying on Trade. Money came into existence in response to the needs of trade. Some trade can be carried on by barter, or the direct exchange of goods for goods, without the use of money. But the greater the volume of trade, and the greater its complexity, the greater the difficulties of barter become. Where the volume of trade is very large, and where people depend on trade for satisfying their daily needs, money becomes a necessity.

The basic difficulties of barter are three in number. First, the wants of two people seldom coincide. I want a horse and you have one for sale, but you do not want the pigs I offer in exchange. For me to find somebody with the horse I want and who also wants my pigs may be very difficult. For you to take my pigs and hold them in the hope of trading them later for something you do want is likely to be both troublesome and expensive. In a money-using economy this problem does not arise.

A second difficulty of barter lies in matching the values of the goods to be exchanged. Often, valuable pieces of property cannot be divided up. Perhaps you would like to buy one of my pigs, but all you have to offer is a horse of much greater worth. You cannot divide your horse up without killing it and destroying most of its value; so you must either go without the pig you want, or take along with it other pigs which you do not want. This problem, like the first one, would not arise if money were used.

The third obstacle to trade under a pure barter system is that there is no standard of value, that is, no one commodity in which the values of all other commodities are customarily measured. This difficulty, also, is largely solved by the introduction of money, because the use of money as a common measure greatly simplifies the problem of comparing the values of many different commodities. To find the relative values of any two commodities, it is only necessary to compare the estimated amounts of money for which each can be exchanged.

To emphasize further the importance of money, let us suppose that all trade were carried on by barter, and then try to picture the difficulties of a company manufacturing automobiles. In the first place, when the company was being organized, since it could not sell its capital stock for money, it could not use money to buy the labor and materials needed to build a factory. Instead, after trading its stock for real estate, wheat, dry goods, or other commodities, it would have to make bargains with architects, building workers, and materials producers to take some of these things for their pay. After the factory was built and production was under way, the finished automobiles would have to be traded to dealers. However, the dealers could pay for them only with the various kinds of goods they could get from their own customers. When the company received these goods it would have to store them, and later use them to pay insurance, interest, taxes, dividends, wages, and all other costs. It is easy to see that the difficulty of making the innumerable deals, the time involved, and the cost of storing and handling the goods, would prohibit the manufacture of automobiles in a barter economy.

KINDS OF MONEY

Early Forms of Money. The common use of bank deposits as money is a modern phenomenon; and, until a century or two ago, even the use of paper money was rather unusual. In a primitive community, money is likely to consist of one or more valuable commodities, because in such a community it would be difficult to get people to accept as money mere tokens like engraved pieces of paper. In a more advanced society, after a process of evolution, such tokens may come to serve as money. However, it is not easy to establish and maintain their use without the aid of a strong central government.

In any society some kind of money is sure to develop as soon as there is any appreciable amount of trade. People, as a matter of convenience, begin to accept in payment some commodity which is in general demand and which can be easily handled and stored. If a good money material is not available, inferior substitutes are used. At various times and places iron, copper, shells, cattle, tobacco, and other things have been used for money, but none of these is entirely satisfactory.

The Qualities of Good Money. It is generally said that a good money material should be portable, durable, homogeneous, easily recognized, divisible, and stable in value. To be portable, or easily carried, money must have a high value even in small amounts. To be durable, it must be able to resist handling and to resist spoilage when it is stored. To be homogeneous, it must have that uniformity in quality which makes possible standard units, such as the gold dollar, which are uniform in size and value. To be easily recognized, it must have unique qualities which make it difficult to imitate or counterfeit. To be divisible, it must be capable of being divided into small units without loss of value to facilitate the making of change. To be stable in value, its power to purchase other goods must be constant. Of the six qualities named, stability of value is the most difficult to find. Its importance is very great, both in maintaining the acceptability of money and in avoiding the evils of a fluctuating price level.

Gold, Silver, and Paper Money. No commodity is entirely stable in value, and few indeed meet the other requirements for good money. Grain and tobacco are notably lacking in durability and portability. Diamonds have portability and durability but are neither divisible nor homogeneous. Iron is perhaps sufficiently durable, recognizable, homogeneous, and divisible, but it is certainly not portable. Not until we come to gold and silver do we find, in rather high degree, all the qualities of a good money commodity except, of course, stability of value. But even in this matter of stability, gold and silver are superior to most things, because changes in their value usually occur rather slowly. This is chiefly because the world's stocks of gold and silver are the accumulation of many years, so that each year's consumption and production change very little the total amount available. So, as a result of a natural process of selection, gold and silver very early came to be the principal money of the more civilized parts of the world.

For hundreds of years silver was the principal monetary metal of the world. During the nineteenth century, however, gold largely displaced it as *standard* money, though silver continued to be used widely in the form of token coins. Standard metal money is coin with a bullion value equal to its face value. A good example of it is the United States gold money which was in circulation until the spring of 1933. A ten-dollar gold piece actually contained ten dollars' worth of gold. Our silver dollars and small coins, on the other hand, are not standard money but tokens, because the value of the metal in them is not equal to their value as coin.

While gold was replacing silver as standard money, paper tokens were largely replacing gold in actual circulation. These early paper tokens were usually bank notes, that is to say, the promises of banks to pay gold or silver on demand. Paper money was more convenient to handle than coin, and if people had confidence in a bank they usually preferred to exchange their gold for bank notes. These notes were printed or engraved, and issued in convenient denominations; and so long as people believed that the bank would pay them on demand, the notes circulated freely as money. Sometimes the government itself issued notes, and they too circulated readily. As long as a bank or a government held enough gold to pay all its notes in full, there was not very much difference between using the notes and using the metal. The notes merely replaced an equal amount of metal in the monetary circulation. Transferring the notes was, in effect, transferring title to the gold which they represented.

With the passage of time, however, the relation between paper token money and the gold reserves behind it tended to become more tenuous. It was soon discovered that a large amount of notes could be kept in circulation with only a small amount of gold reserves, because people seldom presented notes for redemption. Further, it was found that government notes could continue to circulate and could retain their value even though they ceased to be redeemable in gold.

Today our own government holds huge stocks of gold, but neither the government nor the banks will redeem paper money in gold. It is even illegal for private persons to own gold, except for special purposes or in very small amounts.

Bank Deposits as Money. In our modern monetary system perhaps the most important form of money is the deposits of the commercial banks, especially their demand, or checking, deposits. To a bank, a checking deposit is an obligation to pay a certain amount of paper money or coin on demand. To the depositor, it is the right to receive a certain amount of such money.

A bank deposit is often thought of as paper money or coin actually held by a bank for the benefit of a depositor. This, as has already been noted, is not the case. The typical bank probably does not hold as much as 3 per cent of its total deposits in the form of paper money and coin. Even the legal "cash" reserve of a bank, if it is a member of the Federal Reserve System, does not consist of paper money and coin. Instead it is merely a deposit in a Federal Reserve bank. If a bank deposit were literally cash in a bank, then the total volume of bank deposits could not exceed the total volume of cash. Actually, however, the public always holds demand bank deposits equal to several times the total amount of currency and coin in circulation, including currency and coin held by the banks.

Formerly bank deposits were not classified as money. Instead, they were regarded as claims to money, or as a substitute for money. Today, however, most economists consider that bank deposits are in themselves a form of money. There are excellent reasons for this point of view. Deposits represent purchasing power quite as much as does pocket money in the form of currency and coin. Moreover, since the total quantity of deposits is much greater than the total quantity of pocket money, deposits have much more influence than pocket money on the demand for goods, on prices, and on the volume of employment. Of course, the holder of a bank deposit can always turn it into pocket money if he wishes. However, he does not have to do this in order to spend it. In most cases, all he needs to do is to write out a check.

When a man accepts a check in payment for goods or services he may, of course, cash it; but, more often than not, he simply deposits it to his own account. If his account is in the same bank as that of the man who made out the check, the bank merely subtracts the amount of the check from one account and adds it to the other. In this case, completion of the transaction is a matter of bookkeeping only, with no transfer of actual cash. In most cases, however, the receiver of a check and the maker do not keep their accounts in the same bank. Where this is the situation, the bank in which the check is deposited can, if it chooses, demand cash over the counter from the bank on which the check is drawn. Actually, it will almost never do this. Most of the claims of banks against one another are offset through the local clearing-house, and the balances remaining to be paid are relatively small.[1] This means that under present methods of doing business the transfer of bank deposits from one person to another by check involves the use of very little cash. To a large extent, demand bank deposits actually replace currency and coin as a medium of exchange. In the United States it is estimated that 85 to 90 per cent of the total volume of payments is now made by checks drawn against demand bank deposits.

Kinds of Money Now in Use in the United States. For convenience we may divide the money now circulating in the United States into three types. These types are: (1) token coins issued by the government; (2) irredeemable paper money issued by the government, either directly or through the Federal Reserve banks; and (3) the demand, or checking, deposits of the commercial banks.

As between coined money and paper money, there is little difference except in appearance. Though one kind is "printed" on metal and the other on paper, both are token money only. The value of any United States silver coin is greater than, and is independent of, the value of the metal in it. Coins now made of silver would be worth just as much if made of some cheaper metal like copper. Aside from tradition and the provision of a market for the output of American silver mines, the only arguments for making coins of silver are that they are more attractive and that counterfeiting them is more expensive.

At various times the Federal government has provided for the issue of a number of different kinds of paper money. Today, however, only three types remain in active circulation. These are (1)

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[1] Even these balances are seldom paid in paper and coin. As a rule, each bank keeps a deposit of its own in the Federal Reserve bank of the district. When it owes money to the clearing-house it settles this obligation by drawing its own check, or draft, against its Federal Reserve account.

United States notes or greenbacks; (2) silver certificates; and (3) Federal Reserve notes. Of these three, Federal Reserve notes are by far the most important, and we shall refer to them again later in this chapter.

Except for small coins, which are essential for making change, all the different kinds of government money are much alike to the people who use them. They are all, as we have noted, token money; likewise they are all legal tender.[2] The government will not redeem any of them in gold; but it will exchange one kind for another, preventing any differences in value from arising.

TABLE XXXIX below will be useful for reference. It shows for each of the principal kinds of money the amount in circulation on December 30, 1939 and on October 31, 1948. It also shows the total amount of money in circulation on each of these dates. The figures for paper money and coin refer to the amounts held outside of the Treasury and the Federal Reserve banks. The reader should note the great inflation of our money supply which took place between 1939 and 1948. The reasons for this inflation will be explained later.

THE VALUE OF MONEY

The Quantity Theory. As explained in the preceding chapter, a rise in the price level means a fall in the value of money; and conversely, a fall in the price level means a rise in the value of money. The direct cause of a change in the price level is usually a change in the rate at which people spend money, that is to say, a change in the total money demand for goods. However, if a change in the price level is extensive and persistent, the chief underlying cause is likely to be a change in the total amount of money in circulation. The relationship between the price level and the amount of money in circulation is called *the quantity theory of money.* According to this theory, the greater the amount of money, the higher will be the price level. Conversely, the smaller the amount of money, the lower will be the price level.

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[2] Money is said to be legal tender when the law provides that it may be offered in payment of debts. This does not mean that the creditor has to accept it. However, if he refuses to do so, he cannot force the debtor to offer him some other kind of money instead.

TABLE XXXIX

MONEY IN CIRCULATION IN THE UNITED STATES

(Millions of dollars)

	1939	*1948*
Coins:		
Silver dollars	45	160
Subsidiary silver coins	381	937
Nickels and cents	164	353
Paper money:		
Federal Reserve notes	4,912	23,872
Silver certificates	1,555	2,055
Other kinds of paper money	540	797
Total currency and coin	7,598	28,176
Demand bank deposits	32,516	93,160
Total money in circulation*	40,114	121,336

* The figures for total money in circulation would be somewhat smaller if only funds held by the general public were included. By substracting such items as currency held by commercial and savings banks, United States government deposits, and cash items in process of collection, we can find what the Federal Reserve Bulletin calls "total demand deposits adjusted, and currency outside banks." The amount of such deposits and currency was, in 1939, $36,194,000,000; in 1948, it was $110,700,000,000.

An increase in the quantity of money in circulation will cause prices to rise simply because, other things being equal, when people have more money they will spend more. Suppose everybody in the country should wake up tomorrow morning to find himself a millionaire. Imagine the scenes in the department stores. What an increase in the demand for goods! Soon all the things that we have thought we would like if we could afford them would be gone. Prices throughout the country would rise and rise until, at last, they would be high enough to check buying, bring some sort of balance between supply and demand, and enable the stores to restock. When that time came, prices would be so fantastically high that most of us would not be able to buy any more goods than before.

However, before coming to the conclusion that a great increase in the amount of money spent would cause a great rise in the price level, we should investigate the possibility that it might, instead, cause a great increase in the output of goods. If there was a great increase in the money demand for goods, might there not be an equal increase in the supply of goods so that prices would remain about the same? The answer is that to some extent the output of goods would rise, especially if the economy had been in a state of depression at the time when the inflation of the money supply occurred. However, even if the output of goods rose, it is likely that there would be some increase in prices; further, it is clear that the increase in the output of goods would be limited by the available supply of idle labor, unused materials, and unused factory capacity. On the other hand, there is no limit whatever to the amount by which bank deposits and irredeemable paper money can be increased if the government in power follows unwise policies. As a result, the principal effect of any really great increase in the quantity of money held by the public is sure to be a rise in prices.

It should be emphasized that the quantity theory, as we have stated it, does not maintain that there is any exact mathematical relationship between the quantity of money in circulation and the price level. An increase in the quantity of money, insofar as it causes an increase in the money demand for goods, will tend to raise prices. However, this is only a tendency. If an increase in the money demand for goods is partly offset by an increase in the supply of goods, prices may rise very little. Only when an increase in the amount of money is relatively large can we be confident that its principal effect, allowing for a little time, will be to cause a substantial rise in prices.

The Relation of Expenditure to Income. It should be noted that an increase in money expenditures not only causes a rise in prices, but also brings about a rise in money incomes. The ultimate source of the income of each one of us is the expenditures of others. If a business man buys a new desk from a retailer for $100, of course not all of this $100 represents net income or profit to the retailer. Most of it must be passed on to others to cover various kinds of costs, including the wholesale price of the desk. Eventually, however, practically all of the $100 will become net income to people in the form of wages, salaries, interest, rents, royalties, or profits. It follows, therefore, that any increase in the total amount of money expenditures tends to bring about a corresponding increase in the total amount of money incomes; and, in turn, the increase in money incomes not only stimulates expenditures but also tends to maintain them at the higher levels to which they rise.

Inflation and Deflation. *Inflation* means an increase in the amount of money in circulation, and in the amount of money expenditures, sufficient to bring about a marked rise in the price level. The opposite of inflation is *deflation.* Deflation means, therefore, a decrease in the amount of money and money expenditures, sufficient to bring about a marked fall in the price level. Both inflation and deflation have undesirable effects on our economy; and in some respects the effects of deflation are the more objectionable. Deflation, for example, unlike inflation, is usually accompanied by a decline in production and by extensive unemployment. However, in the kind of economy which we have, deflation of the money supply seems to be possible only within limits. Inflation, on the other hand, seems in some circumstances to be subject to no limitations whatever.

The Effects of Inflation. A mild amount of inflation does no great harm. In a period of depression, after there has been a considerable fall in prices, a certain amount of inflation may be a very good thing, because it increases the demand for goods and tends to bring not only prices, but production and employment back to normal. But if inflation is rapid, and continues unchecked, there is no limit to the resulting rise in prices. Every time prices rise the value of money falls, until finally money becomes entirely worthless. Before World War I, the value of the German mark was approximately 24 cents. After the war, the German government had very heavy payments to meet, including reparations to the Allies. Since it was unable or unwilling to meet these payments out of taxes or the sale of bonds to the public, it resorted to printing more and more paper money. In the resulting inflation, which reached its climax in 1923, prices rose until it ultimately took a million marks and more to buy a breakfast. Similar inflationary movements occurred after World War II, in China, Greece, and various other countries. Because the production and trade of a country depend on the use of money and on reasonably stable prices, destruction of the value of money by permitting an unchecked rise in prices completely disorganizes production and trade, thus working untold hardship upon millions of people.

Even an inflation that increases prices by 50 or 100 per cent will cause serious dislocations and will bring hardship to many people. This was demonstrated in the United States in the period following World War II. In an inflation of this kind, all people who depend on incomes from bonds, pensions, or insurance annuities lose a large part of their purchasing power. Many wage and salary workers also suffer losses. The majority of business men, on the other hand, make abnormally large profits, and are likely to be induced to overexpand their business facilities. Any substantial amount of inflation is likely to result in a great deal of speculation. When this happens, people become more interested in buying and selling commodities, land, or securities for profit than in producing goods. In time, speculation forces many prices so high that, when the rise is finally checked, there is a sharp reaction accompanied by severe depression.

Extensive inflation is usually the result of war and the methods by which wars are financed. However, the danger of a significant amount of inflation is never entirely absent. Our banking system is such that whenever a period of business expansion gets under way, there is always the danger of considerable inflation of the money supply, especially of that part of the money supply which consists of demand bank deposits. Again, in periods of depression, the government borrows large sums of money for relief and public works; and this, too, as we shall explain later, tends to inflate the money supply.

Clearly, there is no sure protection against inflation, for we can never be certain that changing political and economic conditions will not unexpectedly bring us face to face with it. Many economists believe that the only real protection is to educate people to this danger so that the pressure of public opinion will be brought to bear against inflationary proposals. Other economists, however, believe that the extent to which we are protected from inflation depends a good deal on the kind of monetary standard which we adopt. Those who hold this point of view are usually advocates of the gold standard.

MONETARY STANDARDS

The Nature of a Monetary Standard. In the money system of every modern country there is some form of money which may be regarded as basic or *standard.* It is the ultimate and final form which money can take. As a rule, all other forms of money are assumed to derive their value from the fact that they can be converted into this standard money on demand.

Historically, standard money has usually been either gold or silver; but some countries have at times attempted to use both metals as standard money under a system known as *bimetallism.* Bimetallism, however, proved difficult to maintain; and, as a result, it was universally abandoned before the end of the nineteenth century. In the early part of the twentieth century, most countries had adopted a single standard based on gold. However, the impact of two world wars eventually forced the abandonment of this standard also. As a result, the countries of the world are now on "paper" standards, though in some cases, most notably the United States, the ties with gold have not been completely broken. When a country goes on a paper standard, the basic form of money becomes nothing more than the irredeemable paper tokens[3] issued by the government.

The Gold Standard. While the traditional gold standard has now been generally abandoned, in the past this standard had a tremendous influence on the development of the monetary systems of the world. Hence we cannot adequately understand these systems as they exist today without knowing something about the gold standard. There seems no great likelihood of a general return to the gold standard. Nevertheless, gold is still widely used in the settlement of international balances, and a number of countries still hold substantial gold reserves against their currencies, even though the latter are irredeemable. Furthermore, it seems probable that most people still think of gold as the only adequate foundation for a really sound currency. The fact that people have such great confidence in gold serves, in itself, to give substantial advantages to any monetary system which is based on it.

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[3] It would be more accurate to call a "paper" standard a "token" standard. since some of the token money issued by the government takes the form of coins.

When a country is on the full gold standard, four things are true: (1) Its basic monetary unit, such as the pound, franc, or dollar, is defined as a certain weight of gold. (2) Coinage of gold is free, that is, unlimited. Anyone may bring any amount of gold to the mint and receive it back in standard gold at no cost or for only a nominal fee. (3) All other forms of money are redeemable on demand in standard gold coins or the equivalent in bullion. (4) There is a free market for gold; in particular, there are no restrictions on the importation or exportation of gold.

Among the advantages claimed for the gold standard by its advocates are the following: (1) Acceptance of this standard by all countries would stabilize exchange rates. (2) The gold standard is a safeguard against inflation. (3) Only money which consists of, or represents, a valuable commodity can retain its value and acceptability, and gold is the best commodity for use as a monetary standard. In the following paragraphs we shall discuss all three of these claims.

Probably the simplest form of the gold standard would be a money system that, except for small change, employed nothing but standard gold coins. Such a system is found nowhere, but if adopted by all countries it would clearly stabilize foreign exchange rates. If the English pound, for example, always contained five times as much gold as a dollar, then five dollars could always buy a pound. Slight variations might occur because of the costs of shipping gold, but these would not be very important. For example, if you owed a pound to somebody in London, and it cost three cents to send five gold dollars to London to have them exchanged for a gold pound, the total cost of the pound to you would be $5.03. In a money system like this, the value of money could not depreciate unless the value of gold itself depreciated. And further, so long as the system itself were not changed or abandoned, inflation would be impossible, as gold cannot be turned out on printing presses. It is a scarce commodity, the quantity of which can be increased only by the slow and laborious operations of mining.

Now, let us suppose that for this money system in which people use only gold coin, we substitute a system in which the gold is held by the government, while the money in actual circulation consists of paper substitutes in the form of government notes promising to pay gold on demand. None of the conclusions of the preceding paragraph is affected so long as the paper notes are actually redeemable in gold, and the amount of gold backing, or reserve, is equal to the amount of paper money in circulation. As long as this situation prevails, transferring a paper note in effect transfers the ownership or control of an equivalent amount of gold.

Let us, however, go a step further and permit the government to spend three-fourths of the gold behind the paper notes, retaining a reserve of only 25 per cent. This gives us a fractional reserve money system much like those which existed in most countries before the gold standard was generally abandoned. No immediate difficulty is experienced, because, as we have already noted, under normal conditions few people present their notes for redemption. But the policy of maintaining only a fractional gold reserve changes the monetary situation in two important respects. (1) A certain amount of inflation is possible even under the gold standard; for, if a 25 per cent gold reserve is sufficient, perhaps a 12½ per cent reserve will do equally well. If it is decided that a 12½ per cent reserve is enough, then the amount of paper money in circulation can be doubled without any increase in the quantity of gold available. (2) Even if the government is determined to maintain the gold standard, an unexpected demand from noteholders may exhaust reserves when only fractional reserves are held, and force the abandonment of redemption. To stop redemption in gold means going off the gold standard.

Paper Standards. When inability to redeem notes on demand forces abandonment of the gold standard, a country automatically goes on a paper or token money standard. However, government notes will continue to circulate freely even if they are irredeemable. Furthermore, if their quantity is properly restricted and people have confidences in the continuity of the government, they will retain their value indefinitely. The principle underlying this fact is one of great importance. It may be stated as follows: *Once the acceptability of token money is firmly established, its value depends primarily on scarcity.* Even though no gold reserves are held against it, it will not depreciate if it is not overissued.

It is clear that those advocates of the gold standard who insist that paper money cannot retain its value unless it is secured by a valuable commodity like gold are wrong. Nevertheless, it is true that, under a paper standard, a government in need of funds can inflate the currency without any definite check or limitation. Under the gold standard only a very limited amount of inflation is possible. However, the protection which the gold standard gives against inflation must not be overrated; for, in any real emergency, the standard itself is pretty sure to be abandoned.

When most of the countries of the world are on paper standards, exchange rates are likely to be very unstable. Outside of the country where it is used as money, a paper currency fluctuates in price just like a commodity. At least, this is true if dealings in it are not under government control; and government attempts to control exchange rates encounter many difficult problems.

Irredeemable paper money, however, has some definite advantages. One is that it does not require the maintenance of expensive gold reserves. Another is that it can be issued in any desired quantity. This latter fact greatly simplifies the problem of a government which may wish to regulate the total volume of money in an attempt to stabilize business and the price level. Even under the gold standard there can, over a period of time, be great changes in the general price level. With a paper standard, a responsible and capable government might be in a better position to reduce price fluctuations. This possibility of making prices, and also business conditions, more stable is what most writers have in mind when they urge the advantages of a "managed" paper standard over the gold standard.

If the monetary system is to be controlled, it is, of course, necessary to have some control over the volume of hand-to-hand or pocket money. Still, it must not be forgotten that in a modern monetary system it is more important to control the volume of demand bank deposits than it is to control the volume of pocket money. This is true because the volume of deposits is so much greater than the volume of pocket money.

Some Conclusions Regarding Monetary Standards. From the foregoing discussion of monetary standards it is possible to reach the following conclusions: (1) A universal gold standard would stabilize foreign-exchange rates, while national paper standards would not. (2) The strong faith people have in gold tends to create confidence in any money system based on it. However, paper money can retain its value and acceptability without gold backing if the quantity is properly restricted. (3) Where there is a strong determination to stay on it, the gold standard gives some protection against inflation; but this protection is not very effective, because, since only fractional reserves are held, crises are likely to arise which will force the abandonment of gold. (4) In the long run, the best protection against inflation is a responsible government backed by an enlightened public opinion. (5) A managed paper standard might give the government some power to reduce fluctuations in business and the general price level.

The Present Monetary Standard of the United States. Up to March, 1933, the United States was on the traditional gold standard. At that time, however, the gold standard was abandoned by stopping the redemption of paper money in gold and requiring all gold coins to be turned in to the banks. Since then the country has been on a paper or token money standard. However, this paper standard is still tied to gold in two ways. First, even though our paper money is now irredeemable, the government holds very large gold reserves to "secure" it. Second, and more important, the Treasury both buys and sells gold at the fixed price of $35 an ounce. Since this is at the rate of $1.00 for about 13.7 grains, 13.7 grains are now the weight of the nominal gold dollar. It should be emphasized that gold dollars now exist in name only, as a legal fiction. Since 1933, gold has not been allowed to circulate and has not been coined. There is no free market in gold. Though the Treasury will buy it in unlimited amounts at the official price, sales are greatly restricted. Within the United States they are made only under special permits for special purposes. Hoarding of refined gold is now illegal.

BANK CREDIT AND THE CREATION OF BANK DEPOSITS

Commercial Banks. The term *bank* is applied to several types of financial institutions. For example, in addition to the commercial banks with which we are all familiar, we find savings banks, land banks, and investment banks.

In this chapter, however, we are interested only in commercial banks. These are the ordinary banks that carry checking and savings accounts, make loans, and provide various other services for business men and the general public. Our interest in the commercial banks grows out of the fact that their checking or demand deposits make up the greater part of our money supply. As we shall see later, these banks do more than merely carry deposits. By their lending and investing operations they actually create these deposits.

Bank Credit. The term *bank credit* is often used in two different senses. Sometimes it refers to the volume of bank loans outstanding, that is to say, to the debts which are owed to the banks by their customers. At other times it is used to refer to bank deposits, that is, to the debts which the banks themselves owe to their depositors. Between these two types of bank credit, loans and deposits, the relationship is very close; for, as will be explained in the following paragraphs, the deposits which the banks carry are largely created by the loans which they themselves make.

The Creation of Bank Deposits. We have already pointed out that the total amount of bank deposits in the country is several times the total amount of cash in the form of currency and coin, even if we include cash held by the commercial banks themselves. This puzzles many people. They do not understand how deposits could have been created in the first place except by bringing currency and coin to a bank. And if bank deposits were created in this way, how can the total amount of deposits exceed the total amount of currency and coin? In order to understand this seeming paradox we must examine the ways in which bank deposits originate. We shall find that taking cash to a bank is not the only way to create a deposit; further, we shall find that even if it were, deposits could still multiply until they were several times greater in amount than the cash used to create them.

Let us suppose you deposit $10,000 in cash in your bank. What does the bank do with your money? Let us suppose that it lends the actual currency to Mr. Smith, the owner of a men's clothing store. Mr. Smith has just bought $10,000 worth of goods for the spring trade from his wholesaler, Mr. Brown, and he uses the loan to pay this debt. When Mr. Brown receives this cash what does he do with it? Nine chances out of ten he deposits it in his bank, and the same $10,000 of cash has now created $20,000 in deposits, $10,000 for you and $10,000 for Mr. Brown. There is no definite limit to the amount of deposits this same $10,000 can create, for the process we have described can be repeated over and over again. Of course, the deposits of a banking system cannot go on expanding forever, because each bank is obliged by law to hold cash reserves equal to a certain percentage of its deposits. As long, however, as the banks have more cash than is necessary for reserve, they can keep lending it to people, and most of it will soon come back to the banks to create additional deposits and provide the basis for further loans.

But the creation of a bank deposit is often the direct result, not of bringing in money to a bank, but of borrowing from it. Suppose Mr. Peterson, a shoe manufacturer, borrows $50,000 from his bank to buy leather. The chances are that he will not take it in cash but will ask his bank to add it to his account. When the bank does this it actually creates, by merely making entries in its books, $50,000 in deposits that did not exist before. The extra $50,000 that Mr. Peterson has to spend does not reduce either the cash or deposits of anyone else. Of course, when he begins to draw checks against this fund, most of them will be cashed or deposited in other banks; and if he uses the entire $50,000, his bank will have to pay adverse clearinghouse balances larger by this amount. However, the deposit created by him when he made the loan is not wiped out. It is only transferred from his bank to other banks, because most of his checks, or their proceeds in cash, are redeposited by the people who receive them.

Not until Mr. Peterson repays his loan will the deposits created by it be canceled. After the leather which he bought has been manufactured into shoes, and he begins to sell them, his bank account starts to grow. Finally, his loan comes due and he finds he has a deposit of $50,000. He gives his check for that amount to his bank. His loan is canceled and so is his $50,000 deposit. No one else has it. For the time being the total money supply of the country is reduced by $50,000 just as effectively as if someone had burned up $50,000 in currency.

Bank Reserves. As already noted, bank reserves are the cash which banks must keep on hand in order to be able to meet any demands made on them by their depositors. Bank reserves do not include investments, not even such readily salable investments as government bonds.[4] Neither, however, do these reserves consist, to any extent, of currency and coin. Every bank must, of course, have some currency and coin on hand in order to carry on its daily business; but the greater part of the reserve of a modern bank is held in the form of deposits in other banks, especially in the Federal Reserve banks.

Under the Federal Reserve Act, every bank which is a member of the Federal Reserve System must keep its entire *legal* reserve in the form of a deposit in the Reserve bank of its district. Legal reserve requirements are expressed as percentages of deposits. The reserve ratios against both time and demand deposits are determined by the Board of Governors of the Federal Reserve System. They must, however, be set within certain limits provided by law. These limits are lower for time than for demand deposits, and they vary according to the size of the town or city in which a bank is located.

The legal reserve ratio against demand deposits is subject to the following limits. For country banks, that is, banks in small or moderate-sized communities, it may be set anywhere between 7 and 14 per cent; for reserve city banks, which include most of those in the larger cities, it must be between 10 and 20 per cent; and for central reserve city banks, which means banks in the main business districts of New York and Chicago, it must be between 13 and 26 per cent.[5]

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[4] Loans and investments which can be turned into cash rather quickly and without danger of appreciable loss are sometimes called *secondary* reserves.

[5] In August, 1948, Congress gave the Board of Governors temporary power to raise the maximum legal reserve ratios for each class of banks by 4 percentage points on demand deposits and 1½ percentage points on time deposits

THE FEDERAL RESERVE SYSTEM AND ITS FUNCTIONS

Structure of the Federal Reserve System. The Federal Reserve System was created by the Federal Reserve Act of 1913. Under this act the country was divided into twelve districts, in each of which a Federal Reserve bank was established. These Federal Reserve banks are sometimes called bankers' banks. Except for performing services for the government, their chief business is receiving deposits from and making loans to other banks. All national banks are required by law to join the system, and state banks may join. While there is still a large number of state banks which do not belong, Federal Reserve member banks now hold about three-fourths of the country's total deposits. The stock of each Reserve bank is owned by the member banks of its district, but general control of the Federal Reserve System is in the hands of the Board of Governors in Washington. This is a body of seven men appointed by the President of the United States and confirmed by the Senate.

The Chief Functions of the Federal Reserve System. The principal purposes for which the Federal Reserve System is designed are two: (1) to give financial support to the member banks, and through them to business, in times of stress, and (2) to regulate the quality and quantity of bank credit to serve the best interests of business. Before the days of the Federal Reserve System, if a crisis developed in which everybody seemed to be asking the banks for cash, there was no quarter to which a bank could turn if its reserves were nearing exhaustion. If it sold bonds, it would take heavy losses, because all the other banks would be selling too, and prices would fall sharply. Nowhere in the banking system was there an adequate reserve of cash to meet emergencies. Now, however, a member bank with good assets can borrow more cash from its Federal Reserve bank in time of need. Formerly, too, there was no central authority exercising any restraint on such over-expansion of bank credit as might bring on a crisis. Hence in good times, each bank, wishing to increase its profits, was likely to make more loans than were safe. Now, however, the Board of Governors has some power to limit the expansion of bank credit.

Loans to Member Banks. We have noted that member banks can borrow from the Reserve banks if they present satisfactory collateral. As a rule, this collateral consists of government securities, though sometimes commercial paper is employed. As used here, "commercial paper" means the notes or other evidences of debt that the member banks receive when they make short-term loans to business men.

When a member bank borrows from the Federal Reserve bank of its district, it usually takes the proceeds of the loan as a credit to its account with the Reserve bank. If it borrows merely in order to maintain its legal reserve ratio, it will leave the borrowed funds on deposit. However, if it needs currency to meet the demands of depositors, it will draw out what is required in cash. If the Federal Reserve bank does not have sufficient cash available, it creates more by issuing Federal Reserve notes.

Reserves of the Reserve Banks. The Reserve banks themselves must hold legal reserves against both deposits and Federal Reserve notes. Formerly, these reserves consisted of gold. Now, however, they consist of gold certificates, and the gold itself is held in trust by the Treasury. Gold certificates held by the Federal Reserve banks cannot be put into general circulation. They can be employed only as legal reserves. At present, the Reserve banks are required to maintain a reserve ratio of 25 per cent against both notes and deposits.

Federal Reserve Notes. A Federal Reserve note is nominally an obligation of both the issuing Federal Reserve bank and the United States Government. Actually, however, it is not redeemable except in other forms of token money. Federal Reserve notes must be secured 100 per cent by collateral placed in the possession of the Federal Reserve agent.[6] This collateral must consist of not less than 25 per cent in gold certificates and not more than 75 per cent in government bonds or commercial paper.

The Elasticity of the Money Supply. One of the striking characteristics of our present monetary system is the *elasticity* of the total money supply, that is, its power to expand or contract. Most of such expansion or contraction as occurs takes place in the volume of bank deposits, because it is principally bank deposits that make up the money supply. However, because of the provisions for the issuing of Federal Reserve notes, pocket money also possesses a high degree of elasticity.

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[6] The Board of Governors appoints a Federal Reserve agent to each Federal Reserve bank. He is the direct representative of the government with the bank. He is also a member of the board of directors of the bank, and acts as chairman of the board. He is not, however, the chief executive officer. To fill this position, the board of each Reserve bank elects a *president*.

It is clear that elasticity of pocket money in the form of Federal Reserve notes is very necessary. If the banks were not able to obtain whatever currency they need to meet the demands of depositors for cash, deposits would become worthless and our whole monetary and banking system would be thrown into confusion. However, elasticity of *deposits* and of *the total money supply* seems, on the whole, to be undesirable. Either expansion or contraction, if substantial, tends to cause economic maladjustments. Expansion of the money supply tends to inflate the price level and to encourage speculation. On the other hand, contraction of the money supply tends to deflate prices and to bring on depression. By reducing the ability of people to spend, contraction of money reduces the demand for goods; and it therefore reduces production and employment.

It is true, as we shall see in the following chapter, that changes in the money supply are by no means the sole cause of changes in the rate of business activity. They are, however, an important contributing factor. In fact, there is good reason to believe that the reduction of fluctuations in the money supply would contribute substantially toward the stabilization of production, employment, and income.

Reasons for the Elasticity of the Money Supply. To a large degree, fluctuations in our total money supply are the result of the following three factors: (1) changes in the lending policies of the commercial banks, and in the demands of business men for loans; (2) the Federal Reserve System and the way in which it operates; and (3) the fiscal policies of the Federal government, that is, the policies which determine taxation, government expenditures, and government borrowing. At present, we are chiefly concerned with the relation of the Federal Reserve System to our money supply, and with the attempts of the Federal Reserve authorities to control it. Later we shall give attention to the monetary effects of the fiscal policies of the government.

In the discussion which follows, the reader should keep in mind two of the basic facts which have already been emphasized, namely: (1) that the money supply consists principally of bank deposits, and (2) that bank deposits are largely created by the banks through the making of loans.

The Reserve Banks and Member Bank Deposits. Because the Reserve banks can make loans to member banks either by crediting their accounts or by issuing Federal Reserve notes, the Reserve banks are able to lend to the member banks much more than they could if they had to pay out their gold certificate reserves. One million dollars in gold certificates will furnish the required 25 per cent reserve for creating, and lending to the member banks, $4,000,000 in deposits, or for issuing and paying out to them $4,000,000 in Federal Reserve notes. Usually when member banks borrow from Federal Reserve banks they take the proceeds, at least in the beginning, in the form of credits to their Reserve bank accounts; and on the basis of $4,000,000 in new reserves the member banks would be in a position to expand their own loans, and therefore their deposits, by an amount considerably greater.

Control of Bank Credit by the Reserve Authorities. The Federal Reserve authorities have only limited control over the volume of credit extended by the commercial banks to the public. They do, however, have powers which enable them to exert considerable influence over the expansion or contraction of loans by the member banks. They can make it relatively easy or relatively difficult for the member banks to borrow from the Federal Reserve banks in order to obtain funds for expanding their own loans. They can raise or lower the rate of interest which the member banks themselves must pay.[7] They can, as already noted, change the amount of legal reserves which the member banks must maintain. Further, to some extent they can specify the kinds of loans which member banks may make, or the kinds of security which they must require. For example, the Board of Governors can forbid the member banks to make loans for the purpose of financing stock-market speculation; or, if it permits such loans, it can limit them to a relatively low percentage of the market value of any securities which are accepted as collateral. In these and other ways, some of which require cooperation with the Treasury and are too technical to explain here, the Reserve authorities can influence the volume of member-bank loans, and hence the volume of deposits held by the public.

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[7] The rate of interest which the Reserve banks receive from loans to member banks is commonly called the *rediscount rate.*

However, the powers of the Reserve authorities over bank credit have not always been used wisely; and, in any case, they are inadequate in themselves for achieving stability of the money supply. One very serious limitation on the powers of the Reserve authorities is that they do not control government fiscal policy. Government fiscal policy, as we shall see, has a more direct and powerful effect on the money supply than any other single factor; at times, a more powerful effect than all other factors put together.

FISCAL POLICY AND ITS ECONOMIC EFFECTS

The Nature of Fiscal Policy. *Fiscal policy,* as the term is used in this chapter, refers to the financial policies followed by the Federal government in raising funds and making disbursements. When government receipts and expenditures are very large, as is the case today, their economic effects are of great importance. Any substantial change in either tax rates or the rate of spending is likely to have a marked effect on the money supply, on prices, and on the general level of business activity.

Advantages and Disadvantages of a Balanced Budget. One of the most firmly established traditions with respect to fiscal policy is that the government should always strive to balance the budget, that is to say, that it should not permit expenditures to exceed income. If expenditures are greater than income, then the government must go into debt. Conservative writers on government finance have always been opposed to expanding the public debt except in the most extreme emergencies.

Under some conditions, however, any attempt to balance the budget may have very undesirable economic effects. Suppose, for example, that business activity has expanded to boom levels, and that, as a result, government income from taxes has risen above expenditures. In this situation there is likely to be a demand for tax reduction. However, to reduce taxes will put more purchasing power into the hands of the public; and, since employment and production are already at peak levels, the effect of this will be to inflate prices. Or to take another case, let us suppose that business is in a period of rapid contraction, and that, as a result, tax income has fallen below government expenditures. In these circumstances to balance the budget by raising tax rates will decrease the purchasing power of the public and thus cause further business contraction. Of course, the budget might be balanced by reducing government expenditures; but this method is no more satisfactory than reducing taxes, because any decline in government expenditures will also cause a further contraction of business activity.

An increase in government expenditures tends to stimulate business; but the degree to which this is true depends largely on the source of the additional funds. The stimulating effect is likely to be relatively small if the additional funds are obtained by raising tax rates. In this case the budget is balanced, but the extra money spent by the government comes from the income of the public. As a result, the increase in government spending is likely to be offset by a decrease in private spending. On the other hand, the stimulating effect of an increase in government expenditures is likely to be relatively large if the additional funds are obtained from loans, that is, from the sale of government bonds. When this is the case, much of the extra money is obtained from people who have been holding idle cash balances; or else, if the bonds are sold to banks, it represents newly created deposit credits. Buying a government bond means lending to the government; and, just as banks usually lend to business men by granting them deposit credits, so likewise they usually lend to the government by buying government securities with deposit credits granted to the United States Treasury.

Effect of Government Borrowing on the Money Supply. When the government borrows by selling bonds to individuals or nonbanking corporations, there is no effect on the total volume of bank deposits in existence, and therefore no effect on the money supply. The purchasers of the bonds make out checks to the Treasury or to its agents, thus transferring part of their own bank deposits to the government. Later, when the government pays its bills, these deposits are transferred back again to the general public, and the public then holds the same amount of money as before.

However, when the government borrows by selling bonds to commercial banks, the situation is very different. As has been noted, the commercial banks purchase bonds by simply granting new deposit credits to the Treasury. The deposits so created are a net *addition* to any bank deposits previously in existence. When the government pays its bills, these new deposits are transferred to the public by means of Treasury checks, and they then become a net addition to the amount of money in general circulation. As long as the government continues to sell bonds to the banks and to use the proceeds to pay its bills, new deposits continue to be created and the money supply in the hands of the public continues to rise.

Government Borrowing and the National Income. When the government, by borrowing, spends more than it receives from tax revenues, it not only increases the money supply but it also increases the national income. The source of all income is expenditure. Whether income takes the form of wages, salaries, royalties, profits, rents, or interest, any money received by one person must have been paid out by someone else.[8] By spending new deposit credits obtained from the sale of bonds, the government provides additional money income for many people without in any way reducing the money incomes of other people.

In World War II, the expansion of income in the United States as a result of the expansion of government spending was very great. Some of the increased income went to farmers, some to the owners of natural resources, some to business men, and some to the members of the expanding armed forces. The biggest part of the new income, however, went to the masses of workers, especially to those in war industries.

When people receive larger incomes, they tend to increase their expenditures. As a result, the total money demand for goods rises; and this, in turn, brings about a rise in the price level. In wartime there is always a strong upward pressure on prices, for two reasons. First, there is a great increase in the total money demand for goods; and second, many kinds of goods are partially or wholly removed from the civilian market.

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[8] The "someone else" might, of course, be a corporation or the government.

The Effects of War Finance on Money, Incomes, Prices, and the National Debt. The following table shows the changes which took place in the money supply, the national income, wholesale prices, the cost of living, and the national debt during and after World War II. For the most part, these changes resulted from the fiscal policies adopted by our government to finance the war.

TABLE XL

THE MONEY SUPPLY, THE NATIONAL INCOME, THE PRICE LEVEL, AND THE NATIONAL DEBT, 1939 TO 1948

	The Money Supply (In Billions, at End of Year)*	*The National Income† (In Billions)*	*Index of Wholesale Prices‡ (Yearly Average)*	*Cost of Living Index§ (Yearly Average)*	*The National Debt‖ (In Billions, at End of Year)*
1939	$36.2	$72.5	77.1	99.4	$41.9
1941	48.6	103.8	87.3	105.2	57.9
1943	79.6	168.3	103.1	123.6	165.9
1945	102.3	182.8	105.8	128.4	278.1
1948	111.6	226.2	165.1	171.2	252.8

Sources:

* The Federal Reserve Bulletin: "Total Demand Deposits Adjusted and Currency Outside Banks."

† Department of Commerce estimates.

‡ Bureau of Labor Statistics index. 1926 = 100.

§ Bureau of Labor Statistics: Consumers' Price Index for Moderate Income Families in Large Cities. 1935–39 average = 100.

‖ The United States Treasury.

It should be noted, in the table above, that from 1939 to 1948 the national debt expanded by more than six times. Some of this increase represented funds borrowed by selling bonds to the commercial banks. Largely because of the new bank deposits which were thus created, the total money supply increased by more than three times. This increase in the money supply made possible a great increase in spending. As a result, the wholesale price level more than doubled and the cost of living increased more than 70 per cent. Since expenditures are the source of income, the increase in spending was accompanied by a great increase in the national income. From 1939 to 1947 the national income increased about three times.

It should also be noted that the increase in prices lagged behind the increase in the money supply and the increase in income. Finally, it should be noted that the principal increases in both wholesale prices and the cost of living occurred in the early part of the period covered and near its end; in other words, before wartime price controls were established and after they were removed.

The Problem of Reducing the National Debt. There are disadvantages in having a huge national debt, such as the one which was created in the United States during World War II. For example, it would make the financing of another war, should we be forced into one, somewhat more difficult. Also, the interest charges alone on a debt of this size add considerably to the tax burden which must be placed upon the country. It is true, of course, that this added tax burden is not a net loss to the country, because the extra money paid out by some people in taxes is received by others as interest on bonds. Nevertheless, these interest payments received by bondholders do not seem fully to offset the disadvantages which result from increasing the burden of taxes.

At present, however, there seems little likelihood that our national debt will ever be substantially reduced. In the first place, taxes are unpopular; and to reduce the debt Congress would have to levy higher taxes than would otherwise be required. In the second place, any attempt to reduce the debt substantially would have a very depressing effect on production and employment. Suppose, for example, that the government decided to increase taxes by 10 billion dollars annually, in order to retire the national debt over a period of twenty-five years. This action would decrease the purchasing power of the public by 10 billion dollars, and as a result there would be a decline in sales, production, employment, and income. Tax receipts, too, would fall below expectations.

Furthermore, if the government, in reducing its debt, retired bonds held by commercial banks, the money supply would be reduced. It will be recalled that when a bank buys bonds from the government it pays for them by creating new deposits, and that when the government pays its bills these deposits are transferred to the public and represent an increase in the amount of money in circulation. However, when the government redeems bonds out of surplus tax funds this process is reversed.

Suppose that a bank holds $1,000,000 in government bonds that are about to mature. Suppose further that the United States Treasury builds up its account with this bank to the extent of $1,000,000 by depositing checks received from taxpayers. When the bonds mature, the Treasury gives the bank a check for $1,000,000 against the account which has been built up. The bank then surrenders the bonds and deducts $1,000,000 from the deposit account carried with it by the Treasury. The reader should note carefully that the $1,000,000 which the bank deducts from the account of the Treasury is not transferred to some other bank or to the public. Like the bonds themselves, it is canceled; and since it came originally from the taxpayers, its disappearance represents a reduction of $1,000,000 in the amount of money in general circulation.

In the following chapter we shall shift our attention to the problem of cyclical fluctuations in business activity. In discussing this problem, we shall have occasion to explain more fully some of the ways in which money, bank credit, and fiscal policy affect our economy. In addition, however, we shall find it necessary to discuss certain nonmonetary factors which also play a very important role in causing cyclical fluctuations of business.

TERMS TO BE UNDERSTOOD

bank credit
bank deposit
bank reserves
barter
bimetallism
check
clearing house
commercial bank
commercial paper
deflation
demand deposit
elasticity of money
Federal Reserve note
fiscal policy
foreign exchange
gold certificate
gold standard
hoarding
inflation
legal reserves
medium of exchange
member bank
money
paper standard
pocket money
quantity theory
Reserve bank
standard gold coins
standard money
standard of value
token money

QUESTIONS FOR DISCUSSION

1. Why is storing value said to be a *secondary* function of money?
2. Explain with some care why money is essential in the kind of economic system we now have.
3. What are the qualities which good money should have? Which of these qualities is the most difficult to find? Do gold and silver possess all the qualities desirable in money?
4. Why should demand bank deposits be regarded as a form of money?
5. In what respects are United States coins and United States paper money very much alike?
6. Why should a great increase in the quantity of money in circulation operate to bring about a sharp rise in the price level?
7. Explain the relationship between money expenditures and money income.
8. Why is inflation generally regarded as an economic evil? How can inflation be avoided?
9. What are the advantages and disadvantages of the gold standard as compared with a paper standard?
10. What is the present monetary standard of the United States? Explain.
11. Explain carefully how $10,000 in cash, by passing from bank to bank, might create $40,000 or $50,000 in bank deposits.
12. Explain how a bank may create a deposit (a) by making a loan; (b) by buying government bonds.
13. Describe the structure of the Federal Reserve System.
14. What are the principal functions of the Federal Reserve System?
15. Is it desirable that the supply of pocket money should be elastic? Explain.
16. On the basis of $1,000,000 in gold certificates held by a Reserve bank, member banks might be able to increase their own deposits by $10,000,000 or even more. Explain.
17. How does government borrowing affect the money supply? Explain. How does an increase in government spending, based on borrowed funds, affect the national income? Explain.
18. Explain carefully why the general price level rose sharply during and following World War II.
19. It is sometimes argued that the size of the national debt does not matter because, though a large debt means higher taxes, it also means more income for bondholders. Do you agree? Why or why not?
20. What are the principal obstacles to any substantial reduction of our present national debt?

FOR FURTHER STUDY

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Chapter Nineteen

THE BUSINESS CYCLE

THE NATURE OF BUSINESS CYCLES

Prosperity and Depression. In the summer of 1929 America was at the top of a period of unusual prosperity. Security prices, national income, and the volume of industrial production had reached unprecedented levels; employment and the prices of urban real estate were close to an all-time high; optimism and confidence pervaded the business world. On the whole, the optimism seemed to be justified, for while conservative business men recognized that real estate and stock speculation had gone beyond reasonable bounds, other phases of the prosperity seemed to rest on firm foundations. People had more money than ever before; and though this increased well-being was accompanied by feverish speculation in stocks and real estate, it was not, as in some former periods of prosperity, accompanied by an inflationary rise of wholesale commodity prices.

Students of business conditions who had retained any sense of perspective knew that in time there must be some downward readjustment of real estate and stock prices; but even they, for the most part, believed that only a moderate drop would be necessary, and that it would not have any very serious effect on business in general. The consensus of opinion was that we were in a new era. The writer recalls hearing in 1928 a well-known teacher of business forecasting express at some length his belief that we had reached a permanently higher level of business activity than ever before. Business fluctuations, to be sure, could still be expected, but they would, he thought, cover shorter periods of time and be less severe than in the past.

But, as everyone now knows, we were living in a fool's paradise in 1929. In October of that year there was a spectacular break in the stock market. This was only one of a long series of developments which, in 1932, brought us to the greatest depths of depression in our entire history. In 1929 the Standard Statistics Company index of stock prices stood at 190.3. In 1932 it had dropped to 48.6. In 1929 the Federal Reserve index of industrial production averaged 119. By 1932 it had dropped to 64. In 1929 the national income was about 80 billion dollars. In 1932 it was only 47 billion dollars.[1] We have, in this country, no very accurate unemployment statistics. It is probable that even in 1929 there were large numbers of unemployed, some estimates running as high as 3,000,000 or 4,000,000. But in 1932 unemployment had reached the huge total of 12,000.000 to 15,000,000, at least a quarter of our entire labor force.

To one not familiar with our civilization it might seem that such a vast shrinkage in production, income, and jobs as occurred between 1929 and 1932 must have been the result of some great natural catastrophe, like the destruction of most of our factories by an earthquake. Of course, nothing of the sort had occurred. We had more equipment for industry and a larger labor supply than ever before. The trouble was simply that we were unable to organize economic activity in such a way as to keep our labor and equipment busy in the production of goods. The great contraction in business in the years following 1929 was merely a phase of that curious phenomenon of modern life, the *business cycle.*

Types of Business Fluctuations. Changes in business activity are of three principal types: (1) seasonal, (2) secular, and (3) cyclical.

Seasonal fluctuations result not only from the fact that crops must be planted and harvested at certain times of the year, but also from certain social conventions and habits, like the custom of making gifts at Christmas or wearing new clothes at Easter. Because most crops are harvested in late summer, general business activity reaches a high level in the fall, when the crops are being shipped and stored and the farmers are spending their money. On the other hand, because of the Christmas and Easter holidays, retail trade reaches its highest levels in December and in the spring.

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[1] Economic Almanac, National Industrial Conference Board, New York, 1948.

By secular movements of business we refer to those upward or downward trends in activity that cover long periods of years, and result from changes in population, wealth, and technology. Ever since the first settlements the secular trend in America has been upward, because our population has been growing, we have been accumulating wealth, and our technology has been advancing.

By cyclical fluctuations we mean those rather marked upward and downward movements of business that require from two or three up to as many as twelve years from one peak of prosperity to the next. Such movements are a striking characteristic of an industrial free-enterprise economy. In many respects, however, they are highly irregular in their character. Because of this fact they cannot be used as the basis for making accurate predictions of the future.

Today most writers make a distinction between minor cycles and major cycles. Minor cycles average about forty months in length. They occur within the major cycles, and often temporarily reverse the trend of the latter. Minor cycles are sometimes scarcely noticed by workers or by the majority of business men. It is the major cycles that cause serious trouble, and it is these with which we shall be chiefly concerned in this chapter. Major cycles may cover anywhere from six to twelve years.[2]

A business cycle consists of a complete upward and a complete downward swing in business activity, the one succeeding the other. However, to determine with any certainty the nature and extent of the cyclical movement of business at a given time, we must first make allowance for seasonal changes and the secular trend. If there is normally a seasonal decline of business in November, but in a certain November it is much less than usual, that is an indication that the cyclical movement is upward. Again, if there is reason to believe that the secular trend is upward, but in a certain year no rise in business activity occurs, that may indicate that the cyclical movement is downward.

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[2] In addition to minor cycles and major cycles, some writers note the existence of *long cycles* covering a period of about sixty years. The significance of these long cycles is, however, difficult to judge. Their relative (but not great) regularity during the last two centuries may be a historical accident; and if they continue in the future their pattern may be quite different.

The Four Phases of the Business Cycle. Though a business cycle consists of a complete upward and a complete downward swing, it is a matter of choice or opinion as to which of these movements should be considered to come first. In this chapter we shall assume, for convenience, that a cycle begins with the upward movement. We can then think of a business cycle as having four successive phases. Starting at the close of a period of very restricted activity, the following rise is called *recovery*. This merges into a period of high activity called *prosperity;* and this, in turn, is followed by a period of decline called *recession*. Finally, the cycle is completed by a return to that low level of activity known as *depression*.

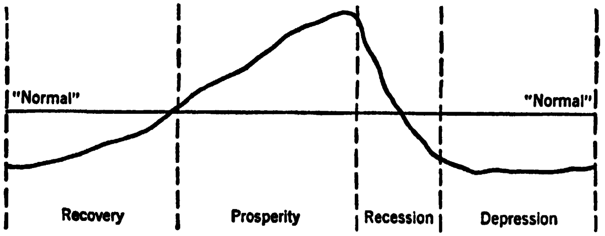

FIG. 18. A "typical" business cycle.

Figure 18 is a diagram representing a typical business cycle. The principal characteristics of its different phases are listed beneath it in TABLE XLI. The student should familiarize himself with these characteristics before reading further in the text.

TABLE XLI

CHARACTERISTICS OF THE DIFFERENT PHASES OF THE BUSINESS

I. Recovery	*II. Prosperity*	*III. Recession*	*IV. Depression*
At the beginning: Unemployment, low wages Production of durable goods at very low level Low prices Labor efficient because jobs are at a	Employment increases until labor shortages begin to develop Wage rates and interest rates rise, first slowly, then faster The general cost	Profits decline and losses develop Business men contract operations Stocks of goods are thrown on the market to cut losses or in order to meet	Employment falls, but at a decreasing rate Wage rates fall Bank loans and deposits decline and reserve ratio rises Demand for

premium and only best workers get them
Management efficient because of struggle to avoid losses
Debts small, interest rates low, bank deposits low, bank reserves high, funds plentiful
Stocks of goods at low levels
Low costs encourage investment in buildings and industrial equipment
Returning confidence in the future
During the period:
Increase in employment, payrolls, production of durable goods, and business in general
Prospect of rising markets stimulates enterprises
Exploitation of new inventions
Prices, bank loans and deposits, and interest rates begin to rise

of producing goods also rises, first slowly, then faster
Prices rise, first more, later less than costs
Profits increase, first sharply, later at a decreasing rate
Inventories and speculative stocks of goods are accumulated
Optimism carries security and real estate prices to high levels
Near the end, construction of buildings and production of industrial equipment increases less and finally decreases
Funds become scarcer, bank loans and deposits grow, and cash reserve ratios drop to a low level

obligations
Production of industrial equipment and all durable goods declines very sharply
Employment declines
Prices decline
Buyers wait for still lower prices
Interest rates are high at first, later decline
Business failures numerous
Heavy losses to investors and banks through decline in real-estate and security values
Pessimism spreads through the business community

funds small, and interest rates fall
Many firms operate at a loss
Volume of business declines more and more slowly
Stocks of goods decrease
Some buying becomes necessary as stocks are exhausted
Prices finally reach bottom
Latent demand for replacement of durable goods accumulates
Costs of production at low level
Business men gradually begin to hope that the worst has been seen

Individual cycles have unique elements, just as every student has unique qualities, or rather a unique combination of them. Some of the *common* elements are stated in this outline. The unique elements may be caused by a war or its aftereffects, by especially good crops, by new business practices such as instalment sales, by special political activities, or by other "external" factors.

Diagram and accompanying description adapted from materials used in Social Science I course, University of Chicago.

The Irregular Character of Business "Cycles." Some people think that it is misleading to apply the term "cycle" to the business movements under discussion, because to them cycle implies a uniformity of movement which does not exist. If business cycles covered definite periods of time and attained uniform intensities, it would be easy to foretell their course. Actually, however, they follow such irregular patterns that attempts at forecasting them have met with little success. A major cycle may cover anywhere from six to twelve years, and both the upward and downward swings are likely to be interrupted by minor movements in the contrary direction. The extent of such minor movements and the time required by them vary so greatly that their significance can only be determined afterwards. When business starts to decline, we can seldom know at the time whether we are witnessing a minor interruption of an upward trend, or the beginning of a long period of recession. Even the major swings vary greatly in intensity in different cycles. For example, measured by the drop in industrial production, the decline in business from the summer of 1929 to the fall of 1932 was more than twice as severe as any other cyclical contraction in our history.

But if we cannot defend the use of the term "cycle" on the basis of the uniformity of business fluctuations, we can defend it on the ground that the very nature of our economic system seems to bring about a definite alternation of periods of expansion and contraction. Once expansion gets well under way it causes further expansion, or becomes cumulative; but finally it generates the very forces that stop it and then reverse it. Then, when contraction gets under way, it too becomes cumulative, and in turn generates forces which ultimately stop it, and which then set in motion a new upward movement.

Measures of Business Activity. In recent decades a great deal of progress has been made in the statistical measurement of the level of business. Not only do we have dependable figures on a number of industries and on different kinds of transactions, but we also have indexes which average some of these together to give us a picture of the level of economic activity as a whole. In many cases, however, because the parts of our economic system are so closely related and are all affected by the business cycle, changes in a single business activity are a pretty good measure of changes in the level of economic activity in general.

One of the oldest of the statistical series which are employed to measure business activity is pig-iron production. Iron and steel are used in so many different ways, and in so many different industries, that any considerable increase in the output of pig iron is likely to reflect or forecast increasing production in a wide range of industries. Sometimes the output of steel ingots is substituted for that of pig iron. A second and widely used index of business activity is railway carloadings. After allowing for such seasonal influences as the movement of crops, if more cars are being loaded with goods, that means that more goods are being sold, that people have more to spend, and that more goods are being produced. A third index, one of the best because it covers a wide field, is the physical volume of industrial production. The Federal Reserve authorities collect figures on changes of output in a number of important industries, and from these figures they construct a composite index to show changes in the general level of industrial output. Other valuable business indicators include bank clearings and debits;[3] bank loans, deposits, and reserves; employment and payrolls; sales at wholesale and retail; building contracts let; prices; and the national income.

Figures 19 and 20 are two diagrams which should be carefully compared. The first shows changes in the actual production of steel ingots over a period of years. The second shows variations from normal, in the same period, of a composite index of industrial production. Notice that, except for the fact that they are much more extreme, changes in the production of steel ingots reflect to a remarkable degree changes in the general volume of industrial production. Notice also that, from 1941 to the middle of 1945, both steel output and industrial production were held at very high levels as a result of the huge expenditures which the United States government made in order to carry on the war.

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[3] Bank debits are the total charges made against demand and time deposits at commercial banks. For the most part they represent checks charged against customers' accounts. Since every check is ultimately charged to the maker, bank debits are a measure of the total volume of payments made by check. And since most payments in this country are so made, changes in bank debits are an indicator of changes in the volume of all payments. Complete figures on bank debits are not available, but ever since 1919 the Federal Reserve authorities have collected debit statistics from reporting banks in a number of important cities.

FACTORS UNDERLYING THE BUSINESS CYCLE

The Business Cycle As a By-Product of Specialization and Trade. Business cycles of the modern type are a relatively recent phenomenon. So-called "trade cycles" doubtless existed in the seventeenth century or earlier, but the cycle did not begin to take on its present character and importance until after the industrial revolution.

Fundamentally, the business cycle is an outgrowth of specialization and trade. It could not exist in a self-sufficient economy where each family satisfied all, or nearly all, its wants by applying its own labor to materials of its own gathering. In such an economy, trade and fluctuations in trade would be relatively unimportant. A man would never be unemployed for he would always have the job of working for himself and his family. Any falling off in production would be the result of misfortunes like drought or war, and would have no tendency to be cumulative. But in the modern world we are not self-sufficient. If we are farmers, we may concentrate on two or three crops; if we are professional men, we specialize in some one field; if we are manual workers, we perform some particular service in a factory. We depend on trade. We must sell our goods or services in order to get money to buy the things we need. Nearly all goods today are produced for the market, and markets, some of them halfway around the world, may either shrink or grow for any one of a hundred reasons.

Whatever may be the original reasons that cause a change, once the market for the products of several important industries has substantially expanded or contracted, the movement tends to spread to other industries. For a while such a movement tends to be cumulative. Eventually, however, it runs its course, and in time it is reversed. Any satisfactory theory of the business cycle must explain two things: (1) why the upward or downward movements of business, once well under way, are cumulative; and (2) what it is that ultimately stops these movements and reverses the trend.

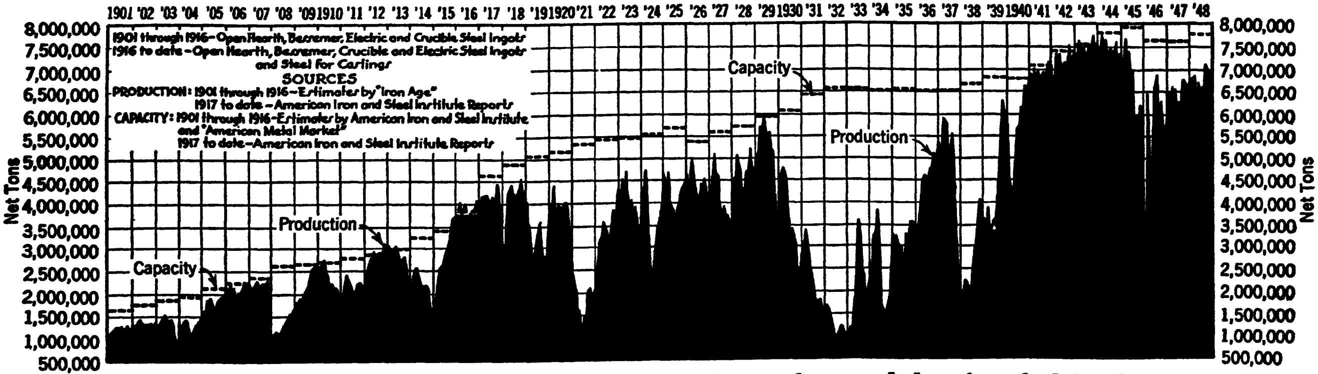

FIG. 19. Steel ingot production in the United States, 1901–1948. (From charts and data furnished by the American Iron and Steel Institute, New York.)

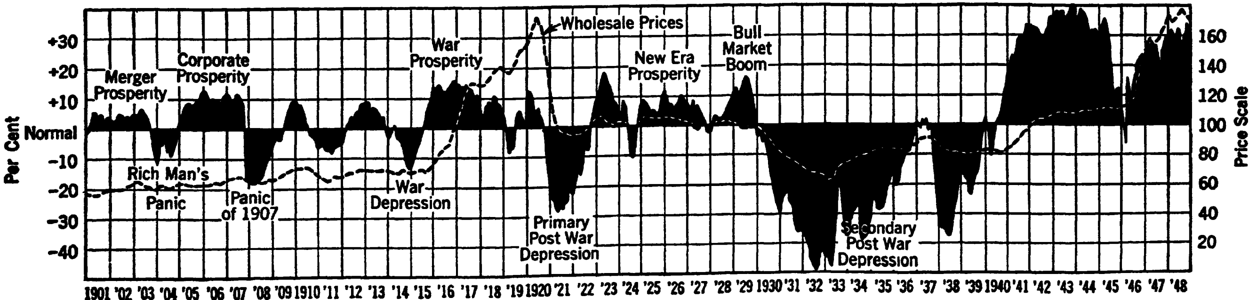

FIG. 20. American business activity since 1900. (Based on composite index of industrial production; broken line indicates changes in wholesale prices.) From *American Business Activity Since 1790*. Copyright, 1949, The Cleveland Trust Company.

The Complexity of the Factors Which Cause Business Cycles. Many of the earlier writers on business cycles had a tendency to seek for a single cause, or at least to emphasize only one factor and largely overlook the others. Some, for example, found the explanation in an alleged tendency of human beings to be subject to alternating periods of mass pessimism and mass optimism. Others thought they could discern weather cycles which brought successive series of good and bad crop years. Still others found the explanation in our monetary and banking system, which seemed to bring about alternating periods of expansion and contraction in bank loans and deposits.

Now, it is true that all these factors, and more besides, may influence the business cycle; but an adequate explanation cannot be found in any one of them. The causes of the business cycle are multiple, and today nearly all serious attempts to explain it take into account the interaction of a number of factors.

External Factors vs Internal Factors. Some of the factors which contribute to the business cycle may be termed *external,* while others may be thought of as *internal.* By external factors we mean developments wholly or partly independent of the kind of economic system we have and the way in which it operates. Examples would be droughts, earthquakes, inventions, and wars. Such external disturbances may be the direct cause of upward or downward movements of business, but they do not explain the cyclical character of these movements. By internal factors we mean forces that result from the nature of the economic system itself. For example, in the kind of banking system we have there is a tendency toward cumulative expansion or contraction of bank deposits and therefore of the money supply; but a banking system might be devised in which such expansion and contraction would be impossible.

It is often argued that we would not have business cycles at all if external disturbances, or, as they are sometimes called, "originating" causes, were entirely absent. Whether this is true or not, for our present purposes it is sufficient to point out that external disturbances of one kind or another are always present; and that without doubt the number, nature, and intensity of such disturbances largely account for the great differences between cycles.

However, to understand the essential characteristics of business cycles, and why we have them at all, we must give most of our attention to the internal factors which are operating. In other words, we must study the structure and functioning of the economic system, and the peculiar way in which it responds to the outside forces which disturb it.

Why Expansion or Contraction of Business Tends to Be Cumulative. Up to a point, either expansion or contraction of business activity tends to be cumulative. This results from certain fairly simple relationships which exist in an economy where people produce goods and services for the market and not for their own use. An increase in the demand for one or more important products, no matter what the reasons, brings an increase in sales. An increase in sales induces producers to expand output. To expand output they must employ more workers, and this results in greater wage payments. Increased wage income, in turn, enables workers to increase their demands for all types of consumer goods. This means a further increase in sales, production, and wage payments. Soon we find that a process of cumulative business expansion is under way. Had we started with a contraction of demand the process would have been reversed. Production, employment, and pay rolls would have declined, with a resulting further decline in the demand for goods. These relationships do not completely explain the business cycle, but they do account in part for the cumulative character of the upward and downward swings.

How Costs, Prices, and Profits Affect the Business Cycle. Further light is thrown on the business cycle by observing how changes in costs of production relative to the prices of finished goods affect profits.

When the demand for goods is increasing, at first prices will rise faster than costs of production, and profit margins will widen. Costs rise slowly for a number of reasons. One is that manufacturers have on hand stocks of materials bought when prices were lower; another is that wage rates are slow to respond to a rise in the price level; another is that some costs, like rents and bond interest, may be fixed by contract for a considerable period of time. In any case, the increase in profits makes business men optimistic, and induces them to increase production. It also induces them to expand plant and equipment in order to make possible further increases of output in the future. While expansion of plant does not immediately increase the supply of consumers' goods, it does increase employment and wages, and thus it increases demand and raises prices.

However, when business approaches full recovery, two things will happen to cut down profits: (1) as unemployment is reduced and surplus stocks of raw materials disappear, wages and the prices of materials will rise faster and faster; (2) as new plants come into production the supply of consumers' goods will increase, and the rise in the prices of such goods will be slowed or stopped. Presently profits will be replaced by losses. The whole situation is now ripe for a reversal. Production of new plant and equipment slows down or stops; production of consumers' goods is curtailed, and a cumulative movement of contraction gets under way.

Psychological Factors Affecting the Business Cycle. No explanation of the business cycle can be at all adequate that does not give an important place to psychological factors, especially alternating periods of mass optimism and mass pessimism. Just how important these moods of the public are in guiding the course of business is not easy to judge, for they are both cause and effect. For example, even if a general decline in prices, sales, and profits does not have its origin in fears for the future, once it gets under way business men will become more and more pessimistic. Because they expect a further decline, they will defer plans for expansion and reduce current production. Such action will reduce employment, thus causing a further contraction of demand; and this, in turn, will generate more pessimism.

Of course it is quite possible that a wave of optimism or pessimism, generated by some occurrence external to the business situation, should itself start an expansion or contraction. But whether or not these mass states of mind are often responsible for initiating cyclical movements, they have two characteristics that greatly influence the course of such movements: (1) once established, they spread to nearly all members of the business community, and (2) they are likely to go to much greater extremes than any rational appraisal of the situation would justify. This is because human beings tend to magnify both their hopes and their fears.

The Effects of Speculation on the Business Cycle. Because of the tendency of the business community as a whole either to overestimate or underestimate the future, *speculation* plays an extremely important role in the business cycle.

Speculation, as we are using the term, means buying or selling goods in order to take advantage of price changes in the future. Most commonly we think of it in connection with buying commodities, securities, or real estate in the present with the hope of selling them at a higher price later; but the manufacturer who accumulates unusually large stocks of raw materials in the hope of avoiding higher prices is also speculating; and in some cases speculation involves selling things in the hope of buying them back later at a lower price.[4] Speculation not only contributes to the cumulative character of recovery and recession, but it also helps to explain the reversal in trend which takes place at the bottom and at the top of a business cycle.

Suppose we start at the bottom of a period of depression. Contraction has stopped, but pessimism is extreme and there are few indications of recovery. Prices are low. When this situation has continued with little change for a period of time, some people, judging by their past experience, will become convinced that the worst is over and that improvement is only a matter of time. Some manufacturers, for example, will begin building up their stocks of raw materials, in the belief that prices can go no lower and are very likely to rise. This increased demand for materials will tend to bring a rise in prices, and will also increase production, employment, and pay rolls in the industries directly affected. As recovery gets under way, it will be stimulated to an increasing degree by speculation. Rising prices will encourage manufacturers, merchants, consumers, and outright speculators to buy more and more goods, not for current use but in order to avoid paying higher prices later, or in order to sell later at a profit. But buying goods ahead has limits. Funds and storage space run low.

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[4] Selling stock short is a good illustration of selling to make a profit by buying back at a lower price.

In time, people begin to recognize that prices are reaching a level that cannot be maintained. When the rise slows down, some of those who are holding goods in the hope of selling at a profit decide the time has come to unload. Soon others rush to sell, with the result that prices drop rapidly. When this happens, business men who have built up inventories stop all buying until their inventories are reduced. The demand for goods falls off sharply while the speculative stocks are being used up. Falling prices lead people to expect a further fall in prices. In time, however, the downward movement loses momentum. Ultimately stocks of goods are reduced to the point where buying must begin again. As a result the fall in prices stops, and before long the stage is set for a new rise.

Durable Goods and the Business Cycle. Most of the fluctuations of industrial production in the course of a business cycle occur in the durable-goods industries. These industries are the ones likely to be affected most by optimistic or pessimistic expectations for the future. In the case of durable goods, consumers can generally delay their purchases for a long time; and if prices are dropping or people are afraid of losing their jobs, the demand for such goods may, for a time, almost disappear. Then, when confidence returns, and large numbers of people who have deferred their purchases re-enter the market, demand may rise to a level so high that it cannot possibly be maintained for any great length of time.

Unlike the demand for durable goods, the demand for perishable goods is relatively stable. We must consume a certain amount of food every day, and since we are unable to keep large supplies on hand we cannot long put off our buying. But, if we are thinking of buying something like a new automobile, we can probably put off action two or three years, and meanwhile continue to drive the old one. If we plan to purchase a new house, we can probably wait even longer; indeed, unless the time comes when we have confidence in the future, we are not likely to buy it at all.

This power to defer the purchase of durable goods applies to producers as well as to consumers. As long as a corporation is engaged in active production it must continue to buy labor and materials; but it can often delay indefinitely the replacement of machinery or the building of a new factory.

The Acceleration Principle. A factor which undoubtedly contributes to cyclical fluctuations of business is the somewhat peculiar relationship between changes in the demand for finished goods and changes in the demand for productive equipment. A small change in the demand for finished goods is likely to mean a much greater change in the demand for the equipment employed in producing them. This relationship is called the *acceleration principle.*

To illustrate the operation of the acceleration principle, let us take the automobile industry. Suppose that at the beginning of a cyclical upswing of business only half the families of the country have automobiles. However, no new automobile factories are being built except as old ones wear out, because for some time the demand for automobiles has been on a replacement level, and the factories already in existence have been sufficient to meet this demand. The production of machines for making automobiles has, of course, also been on a replacement level.

Now let us suppose that a general increase in prosperity causes automobile sales to rise 10 per cent a year for a period of several years. The initial rise of 10 per cent in automobile sales will require expansion of plant capacity, an expansion which might well mean a rise of 100 per cent in the production of automobile factories and automobile-making machinery. This new rate of output of factories and machines is likely to be *maintained* as long as automobile sales *increase* at the rate of about 10 per cent annually. Suppose, however, that at the end of five years most of the families that want a car have one, and that therefore the demand for automobiles ceases to expand further. Even though demand should not contract, the mere fact that it has *stopped expanding* will cause acute depression in the industries producing automobile-making equipment. The demand for new factories and new machines will again be reduced to a replacement level. As a result, many men will be thrown out of their jobs, and consumer purchasing power will be correspondingly reduced.

If contraction of the kind just described should occur in only one or two industries producing capital goods, it might be offset by expansion elsewhere. However, if a similar situation should develop at about the same time in a number of industries producing such goods, it is almost certain that a downswing of the business cycle would be precipitated.

It is worth noting that cyclical contraction and expansion are most marked in those industries which produce durable industrial equipment. The steel industry and the heavy construction industry are good examples.

Sources of Funds for Business Expansion. So far we have assumed that if rising demand and the expectation of increased profits made it advantageous for business men to increase production, they would do so. We have not raised the question of where they would get the necessary funds. But for a cyclical expansion of business to occur, the monetary supply must be elastic; in other words, funds not already in active use must be available. Either some individuals and corporations must have idle sums, in cash or bank deposits, which they can put into active circulation by using them to expand production; or the banking system must be able to create additional deposits by expanding loans. Actually, of course, the funds that finance an upswing of business come from both of these sources.

In a period of depression and in the early stages of recovery, funds are plentiful for those whose credit is good, and as a result interest rates are low. These low interest rates are one of the factors that encourage business expansion. But as business activity increases, funds become scarcer and interest rates tend to rise. This rise not only discourages business men from borrowing, but it also serves as a warning to the community that the funds available for further expansion are becoming exhausted.

However, the period of prosperity during and following World War II has been an exception to the general rule that interest rates are high in times of great business activity. During this period low interest rates have prevailed as the result of two special circumstances: (1) a great increase in the supply of money, and (2) the liberal credit policy adopted by the Federal Reserve System. During the war the Federal Reserve banks lent freely to the member banks in order to make it easy for the government to sell bonds at low rates of interest.

Bank Credit and the Business Cycle. One of the most important of the influences affecting the business cycle is the expansion and contraction of bank loans and deposits. Some of the effects of such expansion and contraction have already been explained in the preceding chapter. Fluctuations in the volume of bank loans and deposits do not, however, create the business cycle. Their principal result is to increase the amplitude of cyclical swings. As production and trade expand, and more and more money is required to finance business activity, idle funds in the hands of investors and corporations are gradually put into active use. The exhaustion of these funds would set limits to business expansion if it were not for the power of the banks to create new funds by expanding loans and deposits. Funds thus furnished by the banks not only make possible a continued rise of trade and production, but they also encourage speculation and contribute to the rise in commodity, real-estate, and stock prices.

There is ultimately, of course, a limit to the power of the banks to expand loans and deposits, because in time reserves will drop to a dangerously low level. When no further funds are forth-coming from the banks, the rise in production and prices soon stops. This in itself is pretty sure to start a downward movement of business. But in addition, it frequently happens that after the banks have stopped expanding their loans, there is still an increasing demand from the public for pocket money, so that the cash reserves of the banks, already low, are reduced still further. This forces the banks to start contracting their loans in an attempt to build up their reserves. A contraction of bank loans in turn forces business firms to contract their activities, with a resulting decline in employment and consumer income.

Once business is definitely on the downgrade, bank loans decline with increasing rapidity. Solvent business men reduce their borrowing because, with declining markets, they have less need for funds. Other business men cannot borrow, because they are losing money and have become bad credit risks. And just as expansion of bank loans and deposits carries the upswing of the business cycle to greater heights than it could otherwise have reached, so contraction of loans and deposits carries the downswing to greater depths.

The Price Level and the Rate of Business Activity. We have already indicated that changes in the price level have important effects on the rate of business activity. A rise in the price level stimulates business and contributes to the overexpansion of a boom; a fall of prices, on the other hand, retards activity and helps to bring on depression. However, the effect which changes in the price level have on business can be attributed in large part to speculation and sticky prices. When the general price level is rising or falling, sticky prices, like wages and rents, resist change, and so the normal price relationships necessary to maintain a steady flow of trade and production are disrupted.

The Business Cycle and the Rate of Spending. Fluctuations in business activity are a direct reflection of fluctuations in the rate at which the public spends money. That is to say, changes in business activity reflect changes in the total money demand for goods and services. If the rate of spending could be stabilized, cyclical fluctuations in the price level would scarcely be possible. If the rate of spending and the price level were both stable, sales, production, and employment would also tend to be stable.

Since income is created by expenditures, if total expenditures could be held constant and at a high level, the national income would also remain constant at a high level. This in turn would make it easier to maintain the rate of spending.

Consumption, Investment, and Saving. When people receive income they employ it chiefly in two ways. The greater part is spent on *consumption,* that is to say, for goods and services that directly satisfy consumer wants. Another portion, however, is invested. As the term is used here, *investment* means furnishing money for the purchase or production of new capital goods, such as factories and machines.

Most investment is made out of funds currently accumulated by *saving;* that is, it is made out of that portion of the national income which is not spent for consumption. It is often supposed that saving must have a depressing effect on business by reducing the total demand for goods. However, as long as savings are *invested* they contribute to the demand for goods just as effectively as money spent for consumption. Only when people stop investing their savings and attempt to hoard money does saving tend to create depression by reducing the total demand for goods.[5]

For the nation as a whole, investment expenditures are much more unstable than consumption expenditures, and this instability of investment contributes substantially to the changes which take place in the total rate of spending. It follows that if we are to stabilize production and employment, either we must find some way to prevent periodic contractions of investment, or we must offset such contractions through increased spending by consumers or the government.

THE SOCIAL AND ECONOMIC EFFECTS OF BUSINESS CYCLES

Benefits Attributed to the Business Cycle. It is generally assumed by economists that the net effects of the business cycle are highly undesirable. There are, however, those who maintain that, in spite of all the problems it creates, the business cycle is essential to economic progress. It stirs the economic system out of its lethargy. The upswing is a period of confidence and enthusiasm. People are willing to take risks and this facilitates the introduction of new inventions, new methods, and new products. Jobs are plentiful, and workers learn new skills, frequently shifting from areas where industry is declining to those where it is expanding. Standards of living rise to new high levels. When the downswing comes, of course it temporarily cancels many gains. But according to the line of reasoning we are following for the moment, it is a necessary evil. It eliminates inefficient firms, obsolescent machines, and outmoded products. In short, it clears out the dead wood that tends to accumulate in the economic system, thus preparing the ground for another spurt of progress.

Losses Caused by the Business Cycle. There is probably an element of truth in the argument that the business cycle stimulates economic progress. On the other hand, the losses that result from cyclical fluctuations are so extremely heavy that they seem to much more than offset any possible benefits. Probably we cannot, and perhaps we should not, eliminate these fluctuations entirely; but there is good reason to believe that large social gains would result from any substantial reduction in their intensity.

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[5] It has often been pointed out that the public cannot increase its total holdings of money unless new money is created by the government or the banks. A general attempt to increase cash balances merely reduces the demand for goods. If some individuals succeed in acquiring more money, other have less.

Perhaps the simplest measure of the economic cost of depressions to the country is the net loss of real income. From 1929 to 1933 the money income of the United States fell from about 80 billion dollars to about 45 billion dollars, or 44 per cent.[6] But the fall in money income exaggerates the real loss to the country, because during this period prices also fell. Valued at 1926 prices, real income declined from about 83 billion dollars to about 62 billion dollars, or only 25 per cent.[7] However, if we add up the annual losses in real income as compared with 1929 for the six years following, we get a total loss of over 80 billion dollars, a figure about equal to the entire national income in the prosperous year 1929.

Even in 1929 we were not employing all our labor and resources; and if, in the years following, we had been able to organize our economic activities so as to keep most of our resources in constant use, we could easily have maintained the 1929 rate of production. Better than that, as technology progressed we could actually have increased the national output of goods and services.

Unemployment. Of all the problems which grow out of the business cycle, cyclical unemployment is the greatest. In a period of depression practically all groups in the population suffer losses of income. The heaviest losses, however, fall on the unemployed. In the great depression of the 1930's as many as 25 or 30 per cent of wage earners had their incomes completely cut off by unemployment.

Earlier depressions were much less severe, and most of them were much shorter than the one which took place in the thirties. As a result, many of the unemployed were able to fall back on savings or relatives. Where this was impossible, private charity met their needs after a fashion. But in the great depression, industrial unemployment assumed such vast proportions that the only way to prevent mass starvation, or, indeed, revolution, was for the government to step in and assume the burden of relief. The problem was further intensified by widespread loss of savings and investments, as well as the fact that few workers could find relatives who were in a position to give help.

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[6] *Economic Almanac,* National Industrial Conference Board, New York, 1948.

[7] *Ibid.*

Losses to Business Men and Investors. Widespread business failures are one of the characteristics of a major recession; and while it may be argued that it is the inefficient firms that are thus eliminated, this is not always so, because depression creates many conditions quite beyond the power of the individual business to control. In any case, numerous failures tend to deepen pessimism and to disorganize and contract all business activity. As an indication of the extent of failures in a major recession, in 1929 there were about 1,500,000 retail stores in the United States, but by 1933 the number had shrunk to less than 1,000,000.[8]

Closely connected with business failures are losses of savings and investments. Many millions of dollars of deposits were lost through bank failures from 1929 to 1932. Other major sources of loss were corporate failures; the great decline in security prices on the stock market; the decline in real-estate prices; defaults on real-estate bonds because of the shrinkage of rental incomes; and defaults on the bonds of foreign governments.

Loss of Tax Receipts and Expansion of the Government Debt. In a period of depression, shrinkage of incomes and property values cuts down government tax receipts; and that occurs just at a time when government units are being faced with the problem of finding funds for the relief of unemployment. Not only are the assessable values of property and incomes reduced, but many taxpayers find themselves unable to pay the taxes assessed. Under such conditions it is impossible to effect sufficient economies in normal government expenditures to furnish funds for relief; hence, resort must be had to borrowing. From the end of 1931 to the end of 1939 the debt of our Federal government increased from about 17 billion dollars to about 40 billion dollars. Most of this increase was the result of expenditures undertaken, directly or indirectly, for the relief of unemployment.

Intangible Losses. The burden which the business cycle places on the community can by no means be measured solely in terms of property and income losses. Unemployment, for example, means more than loss of income. It means loss of skills through disuse; malnutrition of children; often loss of self-respect and disintegration of character. Furthermore, the business cycle is a great source of uncertainty to the business man, the investor, and especially to the worker. In a period of prosperity this uncertainty has an optimistic bias, and it therefore tends to turn a good deal of business energy into speculative channels which are socially unproductive, like the real-estate and stock market speculations of the twenties. In a period of recession, however, uncertainty as to the future acquires a strongly pessimistic bias. The business cycle then becomes the source of a sense of insecurity in the minds of millions of citizens. By creating this sense of insecurity, it makes a heavy contribution to the worries and the wear and tear of life.

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[8] *Economic Almanac,* National Industrial Conference Board, New York, 1948.

THE ROLE OF GOVERNMENT IN ALLEVIATING DEPRESSION PROBLEMS

It is, as already indicated, the depression phase of the business cycle that creates the most acute social problems. The ideal way to meet this situation would be to prevent depression by reducing cyclical fluctuations of business to minor proportions. Up to the present, however, we have done little to reduce business fluctuations. As a result, depressions have continued to come, and we have had to meet as best we could the problems which they create.

Private business can do relatively little to solve the larger social problems that arise in a major depression. The losses of depression fall on the business man, the investor, the bank depositor, the home owner, the farmer, and the wage earner. Hardly anyone escapes them. These losses are so great, and they affect so many people, that only the government has the power and the resources needed to alleviate them.

The first concern of the government in a period of depression must be relief for the unemployed. This can take the form of direct payments in cash or goods, or of the offer of employment on government work projects. In the 1930's the relief provided by the Federal government took all three of these forms. Principal reliance, however, was placed on direct cash relief and work relief. As time went on, an attempt was made to reduce cash relief by developing a more adequate work-relief program.

In addition to providing relief for the unemployed, the Federal government in the 1930's undertook to aid various other groups. The farmers were in a difficult position because of low farm prices and, in many cases, heavy mortgages. To help them, the government undertook various measures intended to raise farm prices. The government also took special measures to aid urban home owners who had difficulty in meeting mortgage payments. Through the Home Owners' Loan Corporation (HOLC), it provided for the refinancing of mortgages on very favorable terms. Further, in order to stave off a complete collapse of business, the government created the Reconstruction Finance Corporation. The purpose of this agency was to make loans to banks and other corporations which were judged to be fundamentally sound but which were in urgent need of cash to meet their current obligations. By these measures and various others the government succeeded in mitigating the impact of the depression on many groups in the community.

THE PROBLEM OF CONTROLLING THE BUSINESS CYCLE

The Possibility of Reducing Cyclical Fluctuations. Attempts to mitigate the effects of depression are, at best, treating the symptoms rather than the disease. If we could eliminate major depressions by eliminating the business cycle, we should have gained much. But in a capitalistic or free-enterprise economy, it is doubtful if business fluctuations can be prevented entirely. So long as productive enterprises are privately owned, and the owners are free to decide what and how much to produce; so long as consumers are free to spend their incomes as they please—just so long are we likely to have variations in the rate of business activity. Therefore, any realistic discussion of controlling cyclical fluctuations should be concerned, not so much with their complete removal, as with the possibility of reducing them to minor proportions.

Two Approaches to the Problem of Business Stabilization. It has already been noted that cyclical fluctuations of prices and business would scarcely be possible if we could stabilize the total expenditures of the final purchasers of goods and services; or, to state it another way, if we could stabilize the total money demand for the finished products of industry.

There are at least two ways of attacking this problem of stabilizing total money demand. First, we might attempt to devise and apply measures which would somewhat stabilize the rate of public spending on consumption goods and investment goods. Second, we might induce the government to undertake to offset changes in private spending by equal changes in government spending in the opposite direction. In either case the purpose would be to keep money demand at a satisfactory level in order to maintain a satisfactory level of production and employment.[9]

THE STABILIZATION OF PRIVATE EXPENDITURES

Regulating Bank Credit and the Quantity of Money in Circulation. The rate at which people spend money is greatly influenced by the size of their cash balances. Other things being equal, the man who has $10,000 in the bank is more likely to spend freely than the man who has only $1,000. Today most money consists of demand bank deposits. Increasing the total volume of bank deposits makes more money available for spending for both consumption and investment. Decreasing the volume of bank deposits makes less available.

In the preceding chapter we explained how the banks create deposits by making loans to business men or by purchasing government bonds. Both the Federal Reserve System and the Treasury have important powers to influence the total volume of bank deposits. This means that they have important powers of control over the size of the cash balances held by the public.

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[9] If the total money demand for goods and services remained stable, the price level should fluctuate very little. However, it might change gradually because of growth of population or increased output of goods. Another possible cause of price level changes is monopoly. If monopolies were widespread and uncontrolled, they might keep raising prices. This would result in a progressive increase in unemployment because, as the price level rose, a given volume of money expenditure would buy less and less goods.

Some economists have advocated making radical changes in our banking system, so as to prevent entirely cyclical fluctuations in the combined volume of currency and demand bank deposits. We shall not attempt to explain here how this result could be achieved. The best known plan is that presented in some detail by the late Professor Irving Fisher in his book *100 Per Cent Money.*[10]

It is clear, however, that the rate of spending is not entirely dependent on the quantity of money in circulation. Even though the total amount of money remained constant, the rate at which it was spent, or its *velocity,* might vary greatly. Each dollar might be spent only a few times a year, or it might be spent many times as it came into the possession of different people. Many economists believe that controlling the quantity of money would not adequately stabilize the rate of spending, and they therefore seek more direct methods of control.

Subsidizing the Production of Durable Goods. Since it is the demand for durable goods that expands and contracts most during the business cycle, anything that would stabilize the purchase of things like automobiles, houses, factories, and railroad equipment would contribute substantially to stabilizing the total volume of private expenditure. Hence it would also contribute substantially toward stabilizing the total volume of production and employment.

Some writers have suggested that in a period of recession the government might maintain the private demand for certain types of durable goods by a system of subsidies. Suppose, for example, the government should offer to contribute one-fifth of the cost of all new houses. This might induce a great many people to invest in new houses. As a result, a large amount of employment might be created, at much less cost to the taxpayers than if a similar amount of employment were created by a public works program.

However, various objections have been raised to the use of government subsidies to stimulate private construction. The owners of properties already built fear that this kind of "government competition" would reduce rentals and values. Furthermore, some economists argue that in a period of prosperity too much of the national income is invested in durable goods, so that, for the time being, we have more of such goods than we can use to advantage.

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[10] Irving Fisher, *100 Per cent Money,* Adelphi Company, New York, 1935.

Tax Policy As a Means of Influencing Private Expenditure. Some writers believe that the right kind of taxing policies would contribute substantially toward stabilizing the total volume of private expenditure.

In a period of high business activity and rising prices they advocate increasing tax rates, in order to reduce the spending power of the public, check inflation, and create a surplus of government income over expenditures. This surplus would then be applied toward retiring the public debt. In a period of recession, however, these same writers advocate *reducing* tax rates, in order to increase the spending power of the public and check business contraction. Reducing tax rates in a period of recession would inevitably create a deficit, or an excess of government expenditures over income; and such a deficit would have to be met by government borrowing through the sale of bonds.

It is improbable that the business cycle could be adequately controlled by tax policy alone. However, in the period since the war, tax receipts of the Federal government have averaged about one-fifth of the entire national income. This suggests that tax policies, wisely employed, might contribute substantially toward stabilizing the rate of private spending.

GOVERNMENT SPENDING ON PUBLIC WORKS TO OFFSET CHANGES IN PRIVATE SPENDING

The best known proposal for preventing depression is to have the government plan a gigantic public works program, to be put into operation as soon as a serious contraction of production and employment should develop. The purpose of such a program would be to offset contraction of private spending through a great increase of government spending on public works.

There is no doubt that public works expenditures, *if on a sufficient scale,* could stop contraction of production and employment. World War II demonstrated that government expenditures can do this and much more. If large enough, they can raise production and employment very close to the physical capacity of our economy. It might seem, therefore, that a simple and adequate solution of the business cycle problem would be to offset any substantial contraction of private spending by a large increase in government spending for public works.

There is, however, a very serious objection to depending heavily on public works for the prevention of depressions. To prevent a major depression the expenditures required would be very large; and to obtain the necessary funds the government would have to resort to heavy borrowing. With each successive depression the public debt would rise, interest charges would rise, and, as a result, tax rates would also rise.

Some writers argue that this rise in taxes would not matter. They point out that the taxes levied to pay bond interest would not reduce the total national income, because the money received by the government would be paid out again to the holders of bonds. However, the people who paid the taxes would not necessarily be those who received the interest, and heavy tax rates would almost certainly have a depressing effect on business initiative and enterprise. Their burden would fall with special weight on new, expanding enterprises.

It is true that many of those who advocate large government expenditures as a means of preventing depressions believe that such expenditures would not necessitate a continuous increase in the government debt. They think that in times of prosperity the government could pay off out of surplus revenues the debts created in periods of recession. This seems, however, rather unlikely. We know from experience that whenever the government has large surplus revenues there is always strong political pressure both to raise expenditures and to reduce taxes.

THE NEED FOR A FLEXIBLE ECONOMY AND A PEACEFUL WORLD

Before we leave the subject of business-cycle control it is desirable to emphasize two basic factors of great importance.

(1) In general, the more flexible the economic system is, the more readily will it make adjustments to dislocations, and the shorter and less intense will be depressions. That is why free mar-

kets and flexible prices are desirable, and why it is important to check monopoly and encourage competition.

(2) The less the economic system is exposed to disturbances which dislocate normal relationships, the less severe cyclical movements are likely to be. The most disorganizing disturbance to which the modern economic order is subject is war. It follows that if we could devise some plan for maintaining peace in the world, the business cycle might be a much less serious problem than it has been in recent decades. There is little reason to doubt that both the boom of the twenties and the depression of the thirties were, in large measure, an aftermath of World War I.

In the years just following World War II production and employment were maintained at extraordinarily high levels. This was principally the result of two factors: (1) the great increase in the money supply and in money incomes which occurred during the war and (2) the accumulated shortages of many kinds of durable goods. What the ultimate effects of World War II will be is still hidden in the future. However, unless we greatly improve our techniques for dealing with the business cycle, it seems all too likely that sometime within the next few years we shall again be in the grip of a major depression.

TERMS TO BE UNDERSTOOD

acceleration principle
business cycle
consumption
depression
external factors
internal factors
investment
recession
recovery
saving
secular trend
speculation

QUESTIONS FOR DISCUSSION

1. Could the high level of prosperity in 1929 have been maintained indefinitely? Why or why not?
2. How do seasonal, secular, and cyclical business movements differ? How can one distinguish cyclical movements from seasonal movements and the secular trend?
3. Describe the business cycle. What justification is there for calling it a cycle?
4. Why are the following good indexes of business activity? Production of steel ingots; railway carloadings; bank clearings or debits?

5. Explain the relation of the business cycle to specialization and trade.
6. Which are more important to an understanding of the business cycle, the external or internal factors? Why?
7. List the principal factors which contribute to cyclical fluctuations, and explain how each of these factors operates.
8. Explain why business fluctuations tend to be cumulative.
9. Explain as fully as you can why a cyclical contraction or expansion is ultimately reversed.
10. Explain the relation of the business cycle to the national rate of spending.
11. Explain how changes in the rate of consumption, investment, and saving affect the total money demand for goods and services.
12. What are the principal gains and what are the principal losses that result from business cycles?
13. What measures can the government take to alleviate the effects of depression?
14. What basic problem must we solve if we are to stabilize business activity? Explain the various ways by which we might reduce fluctuations in the total money demand for goods and services.
15. If our economy were more flexible business cycles might be less severe. Explain why.
16. Discuss the relation of war to the business cycle.

FOR FURTHER STUDY

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PART FIVE

ECONOMIC GROUPS AND SOCIAL PROBLEMS

Part Five comes back to something which was discussed to some extent in Parts Two and Three, namely, how the structure of our society is affected by the existence of specific groups of people who lead different ways of life because of differences in the size or the source of their incomes. Part Five indicates what the important economic interest groups in our society are, and how they are related to one another. It deals with the owners and managers of industry, and the workers; the people in industry and the people in agriculture; and finally, it deals with consumers, a group which includes all the people viewed from the standpoint of their position as ultimate users of goods and services. This analysis of the various economic groupings in our society is designed to give the student a more realistic picture of the economic system in operation, and of the problems that different groups of people encounter because of their different positions in this system.

Chapter Twenty

INCOMES AND STANDARDS OF LIVING

The Problem of Insecurity. For many years Americans have boasted of the material blessings which they have enjoyed in comparison with the peoples of other lands. In general, the average person in the United States has a standard of living twice that of an Englishman, three or four times that of a Frenchman or German in 1939, and probably ten times that of an average Russian worker. If any sceptic should doubt the ability of the "American way" to produce goods, he should recall the tremendous production during the years of World War II when, in the years of 1944 and 1945, a gross output of 200 billion dollars a year was achieved. The total output was more than 50 per cent higher in 1944 than in 1940, while the increase in dollars was 100 per cent. The national standard of living, as measured in monetary units, was even better during the war years than before the war, despite the fact that one half of the total production went into military supplies. This "miracle of production" brought some 64,000,000 workers into production, or some 16,000,000 more workers than in 1940. From 1919 to 1948, national production doubled, an average increase of more than 3 per cent per year, while the number of leisure hours has increased substantially. This abundance of production continues into the year 1949 with 60,000,000 workers employed and the gross national income around the 200 billion-dollar mark. Does this mean that the United States has found the magic formula for prosperity during the war period?

Yet, as this chapter is being written, the American people exhibit little confidence that this miracle will continue indefinitely. Most people recall the bitter depression years of the 1930's, when 10,000,000 to 15,000,000 workers were unemployed. They recall the vigorous efforts of the Roosevelt administration to combat the economic collapse after 1929. But these same people recall also that these New Deal measures provided no real, lasting cure for business-cycle depressions. Even as late as 1940, estimates of the number of unemployed were placed from 7,000,000 to 9,000,000.[1] The average American realizes today that the enormous surge in American production since 1939, along with what seems like prosperity, followed the demand for war goods which America supplied by becoming the "arsenal of democracy." American workers vacillate between the fear of depression and the belief that our industrial system can produce for abundance. Since 1945, at the close of World War II, economists and business men talked in terms of a probable recession every year, yet employment, national production, and prices have continued an upward trend. President Truman's Economic Advisory Council in its report of January, 1949, as it has in its previous reports since 1946, cautions against any optimism about prosperity continuing indefinitely by concluding, "These improvements, however, probably do not outweigh the fact that a very high-level economy, which has been supported by an investment boom and permeated with inflation, is vulnerable to sharp declines."[2] Over the long-range period, the President's Council can foresee new high levels of prosperity, with more of the cultural and semi-luxury goods for the masses; but all of this promise is conditioned on the "if" that "a better balance can be found between investment and consumption." Since man's past habits are not transformed overnight, as a rule, many critics doubt if the requisite degree of cooperation of all productive forces can be expected in the near future. So long, then, as man faces the future with prospects of unemployment and poverty, this basic social problem of security and income distribution remains a vital and urgent topic for analysis.

One of man's most fundamental desires is *security*, that is, freedom from anxiety or doubt concerning the future. This desire for security and fear of poverty drives man to seek work, to save for a rainy day, to endeavor to improve his working conditions by education and legislation, to organize through labor unions, and to provide insurance against the hand-maidens of poverty: old age, death, illness and accident, and unemployment. A worker and his family, plagued by the fear of poverty, become the easy victims of other social evils like crime, mental disease, divorce, race tension, ignorance, and rebellion. When men are hungry or ill, they are often too tired to resist these evils. Even when not destitute, however, men who believe they are insecure fall easy prey to those who preach violence. It is futile to describe the merits of freedom and liberty to millions of American families when depression or haunting fear of it makes rational judgment difficult.

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[1] J. Frederic Dewhurst, *op. cit.*, p. 12, gives an estimate of 7,500,000 unemployed for 1940.

[2] "The Economic Report of the President, January 7, 1949," *U. S. News and World Report*, January 14, 1949, p. 95.

The success of any economic system is measured largely in terms of the goods and services which it produces for the population it must support. Although the American economic system has provided the highest standard of living anywhere in the world, the fact that in normal times there exists an "ill-fed, ill-clothed, and ill-housed third of the nation" is a challenge to this system to do better. Most people would, as compared with the present standard of living, prefer one not so high but coupled with some guarantee of security. Thus in 1943, the *Fortune* survey asked factory workers what kind of jobs they would prefer. Fifty-five per cent favored a secure job over one with a better income but which carried a fifty-fifty chance that it might be lost.[3] The final test of the adequacy of any economic system, then, is more than mere production. Production must be regular, and the distribution of the produced goods must be such that regular and adequate consumption of the goods produced will insure continuous production.

POVERTY AND STANDARDS OF LIVING

Poverty and Standard of Living Defined. Poverty is defined as that condition of material existence which is below the standard of living that a given society accepts as being necessary to maintain an efficient, healthy, and happy person. Poverty may be brought about either by a lack of income or by improvident personal habits in the expenditure of income. Many of the poor may deserve their poverty because they live such spendthrift lives; but the number of such "deadbeats" constitutes only a fraction of the total who are poor. The poverty line is no hard-and-fast, universal thing. Each country has its own accepted level of a decent income. Each social class or stratum within a given economic system has its own idea of what is a necessary income. What may be poverty to millionaires, even to such an extent as to cause many to jump from skyscraper windows in the black days of a market crash, might be superabundance to a poor slum dweller.

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[3] *Fortune*, January, 1943, p. 9.

A *standard of living* consists of the goods which have become habitual items of consumption for typical members of an economic class or group.[4] These goods do not include what an individual would like to have, but only those things which he feels he must have to "belong" to his particular economic group. This use of the term "standard of living" implies that there are many different standards in existence in America. The determining factors are both physiological and psychological, both what the body needs to maintain life and what the individual believes is necessary to maintain a kind of life which will meet with the approval of neighbors. Numerous classifications have been made of the various standards of living. Most writers agree that four standards are sufficient to give a representative picture of American life. The four standards are (1) the poverty standard, (2) the minimum-of-subsistence standard, (3) the minimum-of-health-and-decency standard, and (4) the comfort standard.

The Poverty Standard. This lowest of the living standards is determined largely by the fact that the physiological requirements of the body call for certain amounts and kinds of goods for the maintenance of life. Any loss of income, as in an emergency such as death or sickness, plunges people living on this level into economic distress without any financial reserves. Several million American families live on this level, where they are forced literally to "beg, borrow, or steal" so that body and soul may be kept together.

The-Minimum-of-Subsistence Standard. This standard is provided by an income large enough to maintain physical well-being, but too small to allow for the social necessities or major emergencies. Under ordinary conditions, the family can maintain itself. Whatever pleasures and social-cultural advantages can be enjoyed, however, are obtained usually at the sacrifice of some basic physical needs.

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[4] C. S. Wyand, *The Economics of Consumption*, The Macmillan Co., New York, 1937, pp. 458–460, 469.

The-Minimum-of-Health-and-Decency Standard. The health and decency standard represents a livelihood in accordance with the American style of healthful and decent living. Here the psychological element of what is considered desirable or "respectable" enters the picture. The basic physical needs are met adequately. Few savings, outside of some insurance, are expected. But the family does enjoy some of the "good things of life," such as stylish clothing, some health care, and better education and recreation. This level represents the plane of "moderate well-being" on which the majority of skilled laborers and better farmers of the United States live during prosperous times.

The Comfort Standard. This standard is the goal of most American families and the ideal of the social reformers. It requires an income in excess of $5,000 at today's inflated values, an amount which is beyond the reach of 80 per cent of American families. Some writers have suggested that an income of 25 to 30 per cent more than the one being received would be regarded as "comfortable" by most workers.[5] On this standard-level, the consumer enjoys adequate amounts of the basic necessities of life, as well as an ample quantity of semi-luxuries and cultural advantages. Although most of the savings of the United States are owned by individuals who live on the comfort standard, lavish consumption even at this level may lead to economic disaster. Most business executives and professionally trained men and women, as well as a few highly-skilled laborers, can claim this standard of living.

At the top of the comfort standard are a very few families, probably 2 or 3 per cent at the most, who have incomes in excess of the most generous estimates of what is necessary for this standard. These wealthy people, who reckon their incomes in terms of tens of thousands and millions of dollars, possess in superabundance all of the things which money can buy.

[5] C. S. Wyand, *op. cit.*, p. 459.

Later in the discussion, an ideal standard of living will be discussed, that is, a standard which ought to become the minimum accepted by our society. Such a standard would approximate the comfort level. It is this standard that American wage earners are being taught to want, as their due heritage, by our public schools, our labor leaders, some of our industrial leaders, and our social reformers. The Hoover era, before 1929, which promised two chickens in every pot and two cars in every garage, had this rosy dream. The faith that this ideal of a comfort standard can be attained in the future is being expressed by many current economic leaders and writers. Charles Luckman, president of the Lever Brothers' Corporation, thinks that American business can double the national standard of living by 1970.[6] Chester Bowles, wartime OPA administrator, in his book, *Tomorrow Without Fear*, predicts that America can have a national income of 400 billion dollars by 1970, with an average income of $5,000 per year for every family.[7] The Twentieth Century Fund study of American industrial capacity to produce estimates a national production of 202 billion dollars by 1960, or double the output for 1929 or 1940.[8] Such a gross product would give the average consuming unit an annual income of over $3,000, or more than 50 per cent above the income for 1929 or 1940. Perhaps no better statement of this ideal standard of living can be found than in former President Roosevelt's address on the state of the Union in January, 1944, when he set down the following Bill of Economic Rights:[9]

> The right to a useful and remunerative job in the industries or ships or farms or mines of the nation;
>
> The right to earn enough to provide adequate food and clothing and recreation;
>
> The right of every farmer to raise and sell his products at a return which will give him and his family a decent living;
>
> The right of every business man, large or small, to trade in the atmosphere of freedom from unfair competition and domination by monopolies at home or abroad;

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[6] Quoted from the *New York Times*, December 8, 1946.

[7] Quoted from the *Chicago Sun*, May 19, 1946.

[8] J. Frederic Dewhurst, *op. cit.*, pp. 24–25, 58, 63.

[9] Henry A. Wallace, *Sixty Million Jobs*, Simon and Schuster, New York, 1945, p. 13–4. By permission of the publisher.

The right of every family to a decent home;

The right to adequate medical care and the opportunity to achieve and enjoy good health;

The right to adequate protection from the economic fears of old age, sickness, accident, and unemployment;

The right to a good education.

Now that the goals for economic security have been presented, it is appropriate to ask: What are some of the reasons why millions of Americans continue to live on a poverty standard?

CAUSAL FACTORS OF POVERTY

"God must have loved the poor, because he made so many of them" is an old adage. Throughout the history of Christianity, poverty has been respected as a virtue. Material possessions were looked upon as evils, while poverty was considered to be a redemptive sacrifice by which the soul might be cleansed of its sins. Still, at other times Christians have interpreted poverty as a curse with which God has afflicted man for his evil doings. The traditional Christian beliefs that poverty is akin to "godliness" or that it is a "heaven-sent scourge" have been replaced by the recognition that poverty is a "man-made" condition. Some would attribute the bulk of poverty to personal deficiencies within the individual. Edward Bok, the noted immigrant publisher, accepted poverty as a blessing in disguise.[10] It was a spur to achievement, and one who continued to live in poverty was either lazy, a fool, or an idiot. Sociologists who study the problem of poverty refuse to credit such personal factors as intemperance, dishonesty, feeblemindedness, emotional maladjustments, inadequate education, etc., with responsibility for more than 25 per cent of poverty. Other individuals would blame fate or chance for one's wealth or lack of wealth. In the history of most great fortunes the element of luck does play a role; but shrewdness, intelligence, and hard work are often present, giving "Lady Luck" a helping hand. Most successful gamblers have been astute students of human psychology, as well as patrons of the manufacturers of loaded dice or marked cards.

What, then, are the principal factors in poverty? Four associated conditions can be mentioned: old age, sickness and accident, unemployment, and low incomes.

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[10] *The Americanization of Edward Bok,* Charles Scribner's Sons, New York, 1937, Ch. 11, "Success."

Old Age and Poverty. The American population is growing older each year. Fewer births and the increasing span of life expectancy tend to augment the relative number of people over 65 years of age. At the present time there are about 10,000,000 persons over 65 in this country or one out of fourteen. At the current rate of increase the aged group will number 22,000,000 by 1980, or one out of eight of the total population.[11] At that time one-third of the population will not work. This nonworking group will include both the very old and the very young. In the period from 1930 to 1940, the population over 65 years of age increased 35 per cent, while the total population increased only 7.2 per cent.

At the same time that the number of old people is increasing, the demand for their labor service is decreasing. The average maximum age for hiring in industry is about 45 years, and the dismissal age has become 65, regardless of merit.[12] Some optimists, like Walter B. Pitkin, in his book, *Life Begins At 40,* finds in old age a new challenge for a new life. The plastic human mind can acquire new interests and skills late in life. For example, famous men like John Dewey, Titian, Michelangelo, and Benjamin Franklin lived creative lives into the eighties and nineties. But all of this is small comfort to the average working man, who is cognizant of the cruel fact that even in 1930 only about 20 per cent of industrial employees were over 45.[13] Industrial leaders have advanced evidence to support their contention that older workers are inferior to younger ones. Harvey C. Lehman finds that the peak year of achievement for intellectual activities corresponds rather closely to the best years for athletes and others who engage in physical pursuits.[14] Lehman finds that the average age of creative achievement for famous men in various intellectual activities is between 33 and 44 years of age, with 33 being the model age. Reaction time and the rate of learning begin to slow down after 45. Older workers find it more difficult to learn new skills as the need for former ones is destroyed by technological changes. Yet many older people are able to compensate for any reduction in reaction time and learning ability by increased skill and judgment. Highest industrial accident rates occur among workers in the early twenties and drop steadily into the sixties.[15] During World War II, 700,000 men who were entitled to old-age insurance continued to do satisfactory work in war industries. In a Connecticut silk mill, workers 60 and over had one-fifth of the accident rate of those under 19.[16] It would be desirable if old men, and young men too, could be hired and dismissed on the basis of individual merit, and not on the basis of some arbitrary age limit.

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[11] Newman M. Biller, "New Patterns of Life for the Aged," *New York Times Magazine,* June 2, 1946, p. 23.

[12] Charles Bird, *Social Psychology,* D. Appleton-Century Co., New York, 1940, p. 431.

[13] James S. Bossard, *Social Change and Social Problems,* Harper and Brothers, New York, 1934, pp. 282–3.

[14] Harvey C. Lehman, "'Intellectual' versus 'Physical' Peak Performance: The Age Factor." *Scientific Monthlv.* 61: 127–137, August, 1945.

The tragedy of old age is that retirement at 65 or earlier so frequently leaves the worker and his family without any adequate means of support. Dublin and Lotka estimate that almost two-fifths of the persons of ages 65 and over in 1945 received their chief support from government assistance, aid from friends and relatives, or from institutional care.[17]

Sickness and Industrial Accidents. A more complete discussion of the economic costs of sickness and industrial accidents has been given in *Chapter Ten* ("Health") of this text. A few essential facts can be summarized here, so that the reader may realize how much poverty is accounted for by this set of factors.

Statistics on industrial accidents are unreliable. One estimate given before the Conference on Industrial Health in New York City in January, 1949 was that over 2,000,000 industrial accidents occurred in 1947 at a total direct and indirect cost of more than 2½ billion dollars.[18] A Boston survey of relief families found that in 13 per cent of the cases, industrial accidents had been a causative factor.[19]

Loss of income from sickness is an even more serious problem for the low-income families. The Boston relief agencies found that 35 per cent of the poverty among their clients was attributed to illness.[20] A National Health Survey for 1935–1936 found that 2 per cent of the working population was disabled daily, at an annual wage loss of one billion dollars annually.[21] Each year, on the average, a week's labor is lost by each industrial worker. Various studies find that the average family spends about 4 per cent of its annual income for medical care.[22] The Twentieth Century Fund study finds that the national bill for direct medical costs runs also at the 4 per cent figure on a yearly basis, or about 4 billion dollars for 1940.[23] The total sickness bill for the United States, counting both direct and indirect costs probably will amount to 10 per cent of the national income annually.[24]

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[15] Newman M. Biller, *op. cit.*, p. 50. [16] *Ibid.*, p. 50.

[17] Louis I. Dublin and Alfred J. Lotka, *The Money Value of A Man*, The Ronald Press Co., New York, 1946, p. 41.

[18] *New York Times*, January 23, 1949.

[19] James S. Bossard, *op. cit.*, p. 414.

Poverty and illness pursue one another in a cycle of despair. The incidence of sickness among the lowest-income group is more than 30 per cent higher than among the average-income working group. The National Health Survey for 1935–1936 found that nearly three times as much chronic illness occurred among the low-income families as among well-to-do families.[25] No matter whether poverty is a causal factor in sickness or sickness a causal factor in poverty, the undeniable fact is that illness of the breadwinner lowers the family's standard of living.

Death as a Poverty Factor. Most American family incomes—at least two-thirds—are derived from the earnings of the father. The death of the male parent produces a loss of income to some 360,000 wives and over 200,000 children yearly.[26] In a quarter of all American families—some 8,000,000 homes,—at any given time, either husband or wife is deceased. Since there is a greater tendency for men to remarry than for women, there are almost twice as many widows as there are widowers. Death is responsible for 70 per cent of all "broken homes," a condition which often brings poverty and family disorganization to these homes. Three times as many children are employed in families in which the father is dead than in which the mother is.[27] Therefore, many of these children are deprived of the education which might permit them later as adults to avoid poverty.

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[20] M. F. Nimkoff, *The Family*, Houghton Mifflin Co., New York, 1934, p. 301.

[21] Louis I. Dublin and Alfred J. Lotka, *op. cit.*, p. 113.

[22] *Ibid.*, p. 127.

[23] J. Frederic Dewhurst, *op. cit.*, p. 236.

[24] *Ibid.*, p. 252.

[25] Louis I. Dublin and Alfred J. Lotka, *op. cit.*, pp. 127–8.

[26] Louis I. Dublin and Alfred J. Lotka, *op. cit.*, p. 35.

[27] M. F. Nimkoff, *op. cit.*, p. 428.

Unemployment and Poverty. Unemployment, the basic factor in the causation of poverty, is more amply treated in another chapter.[28] The fear of unemployment constitutes the chief threat to any worker's peace of mind. The psychological costs of unemployment, in terms of loss of self-respect, social hostility, and broken morale, are immeasurable. The changes effected by unemployment are immediate. The worker and his family are forced to live in poorer quarters, to cheapen the quality of their diet, to go into debt, and eventually to go on relief. When it is recalled that millions were unemployed in the years from 1920 to 1940, it becomes clear that the nation's loss in money and morale was stupendous. Some estimates place the number of unemployed at nearly 13,000,000 in the early thirties, or one-fourth of the entire labor force. Henry Wallace has portrayed dramatically the costs of unemployment in the years 1930–1941.[29] Eighty-eight million man-years were lost at a total monetary cost of 350 billion dollars. Such a sum, Mr. Wallace estimated, would more than pay for the United States debt for World War II. It would build 350 TVA projects, or erect three times the number of homes which are needed to eliminate all of the slums in the United States, and is more than twice the capital stock value of all private corporations.

Obviously, there is an imperative need for controlling business-cycle depressions if the nation is to enjoy stable high standards of living. Full and steady employment which furnishes labor a dependable annual income will do much to insure a decent, comfortable standard of living for the American people. Possibly, an even more important factor than steady employment is high production and high incomes. A comfortable level of living requires both full employment and the highest possible real income for the American consumer.

INCOME DISTRIBUTION IN THE UNITED STATES

Low Incomes and the Unequal Distribution of Income. In the long run, low income is the basic factor in poverty. Even when illness, old age, and unemployment do not plague the family, money incomes are often too low to permit the purchase of the goods necessary to a decent standard of living. In recent years several significant studies of American family incomes have been made. One, by the Brookings Institution, concerned incomes in 1929; another, by the National Resources Committee, concerned 1935–36 incomes; and a third study, by the Bureau of Agricultural Economics, United States Department of Agriculture, concerned incomes in 1945.[30] Since 1946, the Economic Reports of the President to Congress, which are prepared every six months, provides a veritable library of information on national production and income distribution. All of these studies reveal the same basic pattern of income distribution, although the money incomes may vary from year to year. Charles Stewart, in a study of incomes from 1922 to 1936, finds no marked changes in the percentage of rich and poor families during this period.[31] Employees received about the same share of the national income (60–65 per cent) in the years before 1929 as they did in the depression years after 1929, as well as in the years since World War II. Former President Roosevelt's oft-quoted phrase, "the ill-fed, ill-clothed, and ill-housed third of the nation," is correct statistically. The reforms of the New Deal appear to have done little to change the income structure of the nation. The truth of this statement is found in a review of the conclusions which the aforementioned studies and reports offer.

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[28] *Chapter Nineteen*, "The Business Cycle."

[29] Henry Wallace, *op. cit.*, pp. 20–21.

Changes in the price level and total national income fluctuate from year to year. For example, national income for consumption purposes for 1929 was about 85 billion dollars; for 1935–36, 165 billion dollars; for 1941, 95 billion dollars; and, for 1948, about 200 billion dollars. However, real income must take into account the price index changes as well as money incomes. Real income, which had declined 30 per cent during the depression years after 1929, had recovered the 1929 level by the year 1939. Although money incomes of the American consumers increased 140 per cent between 1941 and 1947, real income increased only about 25 per cent.[32] Thus the average consumer was living on a better standard after World War II than he was before the war.

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[30] Maurice Leven, H. G. Moulton, and Clark Warburton, *America's Capacity to Consume*, The Brookings Institution, Washington, D. C., 1934; National Resources Committee, *Consumer Expenditures in the United States*, United States Government Printing Office, Washington, D. C., 1939; "Incomes for 1945," *Federal Reserve Bulletin*, June, July, August, 1946.

[31] Charles Stewart, "Studies in Income and Wealth," *National Income and Wealth*, III, National Bureau of Economic Research, New York, 1939, p. 126.

The improvement in real incomes during the year since 1940 is also reflected in the rise of average family incomes, the figures for which have been converted into equal purchasing values based on the price index for 1946.[33] The average income for 1935–36 was $2,229; for 1941, $2,932; and for 1946, $3,806.

Figures on average incomes are deceptive, however, since no indication of the range of incomes from the lowest to the highest is given. Moreover, no information is given on the number of individuals in each income class. Some of these facts are given in the table below:

TABLE XLII

PERCENTAGE DISTRIBUTION OF CONSUMER INCOME AND CONSUMER UNITS FOR THE YEARS 1929, 1935–36, AND 1945*

	Distribution of Consumer Units by Money Income†					
	1929‡		*1935–36§*		*1945‖*	
Net Money-Income Class	*Percentage of Income*	*Percentage of Consumer Units*	*Percentage of Income*	*Percentage of Consumer Units*	*Percentage of Income*	*Percentage of Consumer Units*
$0 to $999	3.5	21.5	18.0	46.5	4.0	20.0
$1,000 to $1,999	20.0	38.0	33.0	35.5	16.0	27.0
$2,000 to $2,999	16.5	19.0	18.0	11.0	23.0	23.0
$3,000 to $4,999	18.0	13.5	11.5	4.5	33.0	22.0
$5,000 and over	42.0	8.0	19.5	2.5	24.0	8.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

* Estimates include both urban and rural consumers.

† Consumer units include families of two or more persons and single consumers

‡ Leven, *et. al.*, *America's Capacity to Consume*, The Brookings Institution, Washington, D. C., 1934, p. 54.

§ National Resources Committee, *Consumer Expenditures in the United States*, U. S. Government Printing Office, Washington, D. C., 1939, p. 6.

‖ "Wartime Changes in Distribution of Income and Savings," *Federal Reserve Bulletin*, August, 1946, p. 852.

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[32] *Economic Report of the President*, transmitted to the Congress, January, 1948, United States Government Printing Office, Washington, D. C., 1948, Table VI, p. 114.

[33] *The Economic Report of the President*, *op. cit.*, p. 18.

In TABLE XLII above, note a general shift of all income groups into lower-income classes during the depression year of 1935–36. The lower 82 per cent in 1935–36 had 51 per cent of the total income, while in 1929 the lower 78.5 per cent had 40 per cent of the income. By 1945, the lower 70 per cent received 43 per cent of the income, a slightly better showing for the lower-income groups than was the case in 1929. The improvement in the economic status of the lower-income groups is shown by the fact that 30 per cent of the consumer units had incomes over $3,000 per year in 1945, as compared with 21 per cent in 1929, and 8 per cent in 1935–36. Over 50 per cent were above the $3,000 mark in 1946.[34] Yet, when a correction is made for the effect of inflation since 1940, the net increase in the movement of the low-income families into higher income brackets is less than 25 per cent.

As we inspect the $5,000-a-year-and-over income class, we note that this group, constituting 8 per cent of all the consumer units in both 1929 and 1945, lost some of its "privileged" position since 1940. Where this class had 42 per cent of the total income in 1929, it had only 24 per cent in 1945. The increase in incomes for the lowest 40 per cent between 1941 and 1946 was over 60 per cent, while there was only a 20 per cent increase for the 20 per cent of the consumer units in the highest income classes. One estimate of shifts in family incomes during World War II indicates that an average steel worker enjoyed a 100 per cent increase in real income, while, on the other hand, a typical $12,000-a-year salaried man, who pays a much higher rate of income tax, suffered a loss of 40 per cent in real income.[35]

A better picture of the true pattern of income distribution in the United States among the more than 40,000,000 families is seen in TABLE XLIII. This table gives the distribution of the total national income by fifths of the consuming units.

Although the lower-income groups have improved their share of the income slightly since 1935–36, no revolutionary shift in income distribution is found. A rather static pattern of inequality continues to exist between the highest and lowest income-receiving groups, a condition which existed as early as 1910 and continues relatively unchanged today.[36] If anything, the inequality

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[34] *The Economic Report of the President, op. cit.*, p. 19.

[35] "The Redistribution of United States Wealth," *Life*, December 16, 1946.

TABLE XLIII

PERCENTAGE SHARE OF TOTAL MONEY INCOME BEFORE TAXES RECEIVED BY EACH FIFTH OF THE NATION'S CONSUMER UNITS*

Consumer Units (Ranked from Lowest to Highest Income Level)	*Percentage of Total Income*			
	1929†	*1935–36†*	*1941†*	*1947‡*
Lowest Fifth	5.4	4.0	3.4	4.0
Lowest Two-fifths	10.1	8.7	8.7	9.8
Lowest Three-fifths	14.4	13.6	15.3	15.2
Lowest Four-fifths	18.8	20.5	22.0	22.6
Highest Fifth	51.3	53.2	50.6	48.2
Total	100.0	100.0	100.0	100.0

* A consumer unit includes both families and single consumers. Each fifth of the total consumer units represents approximately 9,000,000 spending units after 1941.

† *The Economic Almanac for 1944–1945,* National Industrial Conference Board, New York, 1944, p. 81, 105.

‡ *The Economic Report of the President to Congress for January, 7, 1949,* as found in *U. S. News and World Report,* January 14, 1949, p. 73.

is greater now than in 1910, for then the lowest one-fifth of the consumer units had 8.3 per cent of the income as compared with 4 per cent in either 1935–36 or 1947. In TABLE XLIII this single fact looms large: *One-fifth of the families at the top receives as large a share of the national income in the United States as the lower four-fifths for each year after 1929.* The average family in the highest third in 1945 had almost ten times the income of the average family in the lowest third of the income groups.[37] When the income distribution is such that the upper 20 per cent receive as much as the remaining 80 per cent, poverty and insecurity are destined to remain with us for some time.

OTHER FACTORS IN INCOME DISTRIBUTION

Income Distribution during World War II and the Postwar Years. The apparent prosperity of the masses of the working people since

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[36] *The Economic Almanac for 1944–45,* p. 80.

[37] *The Economic Report of the President, January 7, 1949, U. S. News and World Report,* January 14, 1949, p. 118.

1940 has led to a popular assumption that American labor has improved its economic status greatly. The fact that the incomes of the lower and middle levels of consumers improved during these years was indicated in the discussion above. As a result of the "Little Steel" formula, an 18 per cent wage rise was granted generally throughout the war industry plants in the early years of the war. Wage increases and overtime payments boosted average weekly wage rates almost 100 per cent between 1940 and 1947. Higher wage payments, as well as the record-breaking number of laborers employed, doubled the total wage payments after 1940. For example, the total wage bill for 1940 was 52 billion dollars and for 1947 over 128 billion dollars, an amount which was two and one-half times greater than the wage payments for the "boom" year of 1929. The average working man's wage rose to about $3,000 by 1947, also an amount double the average wage for 1940.

Since the purchasing value of the dollar declined from 100 cents to 57 cents as a result of the inflation in the years from 1940 to 1948, the net gain to the average worker has been less than 25 per cent in real wages. Many working families—about three-fourths of them—belong to the unorganized and white-collar groups which received smaller increases in income since 1940 than the organized workers did. Edward Keller, of the University of Notre Dame, estimates that the wages in war industries where the workers were unionized increased 214 per cent from 1940 to 1945, but that the unorganized workers received only an 84 per cent increase.[38] The prosperity of the organized laborers is in contrast with the relative depression among the unorganized workers, who not only received lower wages, but also had to pay ever-increasing prices.

In conclusion, it is probable that more than 50 per cent of the families in the United States had more real purchasing power with which to maintain a higher standard of living in 1948 than they had in 1939 before World War II. The Economic Report of the President for January, 1949, attributes this gain in real income more to full employment and an increase in the number of wage earners per family than to any equalizing effect of more progressive taxation on the higher income groups. Sound economic policy would suggest that more of the increasing productivity of industry be passed on to the consumer in the form of lower prices, as well as being paid out in the form of higher wages.

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[38] *The Chicago Tribune,* May 18, 1947, summarizes a study by Edward A. Keller, *The Church and the Economic System,* University of Notre Dame, 1947.

Distribution of Urban and Rural Incomes. Large differences in average family incomes exist between the urban and rural sections of the United States. The families living in the larger cities have received larger shares of the total national income in proportion to their numbers than have the families in the smaller towns and rural areas. In 1935–36, metropolitan families composed 11.3 per cent of the nation's families, and they received 17.1 per cent of the total income.[39] On the other hand, rural families made up 24.8 per cent of the families, but received only 17.5 per cent of the income. The median farm income of $965 in 1935–36 compared unfavorably with the median of $1,730 for the metropolitan areas. In 1941, 54 per cent of the urban families had incomes less than $2,000, while 85 per cent of the farm families had such incomes.[40] In 1947, the median farm income was placed at $1,500 as compared with the urban median income of $2,920.[41] Although farm incomes have doubled since 1939, this concentration of farm families in the lower-income groups continues to exist. Farm people do have some compensating advantages that tend to offset somewhat this disparity in income. For one thing retail prices tend to be lower in farm communities than in the cities. Another much more important factor is that the farmers produce much of their own food. Faith Williams estimates that the average farm family adds to its total income as much as 70 per cent by consuming its own farm produce.[42]

Functional Distribution of the National Income. Another type of income difference is the division of the total national income among the several economic functional groups; that is, employee, business owner, rentier, and capitalist groups. From 1919 to 1938, wages and salaries averaged 63 per cent of the national income, while management took a little more than 17 per cent, dividends accounted for 6 per cent, interest for 7 per cent, and rent for 6 per cent.[43] During the depression years after 1929, these proportionate shares remained very close to the same percentages as in the pre-depression years.[44] During the World War II years, labor's share rose to 72 per cent in 1944, management's share remained at about 15 per cent, dividends continued at 6 per cent, but rent and interest declined to about 3 per cent for each item. Wages and salaries increased after 1940, while rents and interest fell in relation to the total national income. Some believe that, since labor receives almost two-thirds of the national income, it is evident that labor is compensated amply for its services. Since the wage-earner group constitutes more than 65 per cent of the number of income receivers, its share is not out of proportion after all. It is also alleged that, since rent, interest, and dividends make up such a small percentage of the total income, it is evident that these payments are not excessive. Because of the relatively few people receiving income in such forms, their average income is high as compared with that of the wage earner.

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[39] National Resources Committee, *Consumer Incomes in the United States*, p. 24.

[40] J. Frederic Dewhurst, *op. cit.*, p. 68.

[41] Federal Reserve Board estimate reported in *Chicago Daily News*, June 15, 1948.

[42] Faith Williams, *The American Standard of Living*, National Council for the Social Studies and National Association of Secondary-School Principals, Washington, D. C., 1944, p. 22.

Racial Division of the National Income. Some notice should be given to the undemocratic fact that the incomes of Negroes are considerably less than those of the whites. Much of the differential appears to be based solely on race, since the racial comparisons are made within one type of area. In the rural South over half of the non-relief Negro families in 1935–36 had incomes of less than $500, while only 10 per cent of the white families fell below $500.[45] In southern cities 47 per cent of Negroes had incomes under $500, while only 6 per cent of the whites were equally low. Eighty-six per cent of Negroes had incomes under $1,000, as compared with 26 per cent of the whites for the same income level. Although the demand for labor during the record production years since 1940 gave the Negro new opportunities for employment, as well as opportunities for better levels of employment in more skilled and clerical jobs in both public and private employment, the same basic problem remains. The 1940 census reported that while 23.3 per cent of the white high school graduates had incomes over $2,000, only 4 per cent of Negro graduates enjoyed this income level.[46] The Negro Year Book, 1941–1946, reports the average annual wage of farm labor in the South at $289 for whites and $224 for Negroes.[47] The Fair Employment Practices Committee in its Final Report found that hourly rates for Negro workers in 1942 averaged 47.4 cents, as compared with 65.3 cents for white laborers.[48] Social Security wage credits for 1944 reveal that whereas all men averaged $1,691, Negro men averaged $1,081.[49]

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[43] J. Frederic Dewhurst, *op. cit.*, p. 9.

[44] Simon Kuznets, *National Income and Its Composition, 1919–1938*, National Bureau of Economic Research, New York, 1941, I, pp. 262 ff.

[45] National Resources Committee, *op. cit.*, p. 28.

A similar picture of difference between the races is found in both the North and the South, with some margin in favor of the Negro in the North. In trying to explain these marked differences in income, especially for similar types of work, we need to keep in mind that the Negro, on the whole, has access only to the unskilled jobs requiring little training, and that many of the better positions are closed to him because of racial discrimination. Even though the war years gave employment to 1,000,000 more Negro workers, it will take concerted effort on the part of all of us in the United States to retain these gains for the Negro when depression strikes again. For example, the unemployment rate for non-whites in 1947 was 6.7 per cent, and for whites 3.8 per cent.[50]

THE NATURE OF A DECENT STANDARD OF LIVING

Before a proper evaluation of the extent of poverty in the United States can be made, some standard of measurement must be established for determining what are adequate and inadequate incomes. One obvious standard of living is the poverty or bare-subsistence type which has been described above. If the person on this level received any less income he would die of exposure or malnutrition. Hundreds of millions of people in China and India live on this marginal line of despair. But this level can be found also in the rural and urban slums of the United States. Those workers in cities who received less than $1,000, either in 1929 or 1949, or those farmers with less than $500 per year income are certainly on a subsistence level. It will be recalled that one-fifth of the American families were below $1,000 in 1929 and 1945. However, probably not more than 10 or 15 per cent of the American people are as destitute as the starving masses of the Orient, or as poor as the "Okies" so vividly described by John Steinbeck in *Grapes of Wrath.*

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[46] *To Secure these Rights, The Report of the President's Committee on Civil Rights*, Simon and Schuster, New York, 1947, pp. 57–8.

[47] *Negro Year Book, 1941–46*, Tuskegee Institute, Alabama, 1947, p. 162.

[48] To Secure these Rights, *op. cit.*, p. 58.

[49] *Justice on the Job Front*, United Automobile, Aircraft and Agricultural Implement Workers of America pamphlet, Detroit, 1947, p. 29–30.

[50] *Ibid.*, p. 28.

No one can estimate the extent of poverty in the United States until a poverty standard is defined. Many studies have been made in the effort to determine this poverty line, above which we might say that people were living "decently" or in "comfort." No one would suggest that either the poverty standard or the minimum of subsistence standard furnishes a decent living standard. Either the better minimum-of-health-and-decency standard or the still better comfort standard are recommended by the students of American living standards as the desired goals towards which the national economy ought to go. Both of these standards include a number of those cultural and social values, as well as the material necessities of life, which tend to make living worth while. Estimates of a decent standard of living will vary from time to time as the price level fluctuates, but, in general, such a standard tends to be about the average family income expressed in dollars. For example, The Heller Committee for Research in Social Economics suggests that an income of $3,600 was necessary in 1945 for a family of four.[51] For the same year, the Department of Agriculture gives the figure of $2,400 as necessary for a minimum health and decency standard.[52] The Bureau of Labor Statistics estimates that a $3,200 income was necessary in 1947 for an urban family of four to live comfortably.[53] At the present time, $2,500 would probably be a minimum-health-and-decency income, while $3,500 would be necessary for the average urban American family to live on a minimum-comfort standard.

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[51] *Wartime Budgets for Three Income Levels,* The Heller Committee for Research in Social Economics, University of California, 1945.

[52] Quoted in the *Progressive, Madison,* Wisconsin, April 2, 1945.

[53] Leon H. Keyserling, "For a National Prosperity Budget," *New York Times Magazine,* January 9, 1949, p. 42.

How many families in the United States have either a health and decency standard of living or a "comfortable" standard? Is the one-third of the nation said to be living in poverty fact or fiction? The year 1947 can be taken as a year typical of the more prosperous years, and considerably more favorable to the low-income groups than any of the depression years in the 1930's. If $3,500 is accepted as the minimum for a comfort standard of living, then 60 per cent of the families of the United States were below this minimum in 1947.[54] One-half of the families received incomes below the $2,500 minimum set for health and decency. George H. Brown of the University of Chicago School of Business reports from a study which he made of Chicago and its suburban communities that 33.2 per cent of the families surveyed had incomes below $3,000, and 55 per cent were below $4,000.[55] How many people live in poverty? It seems certain that the lowest one-third of the population continues to live in poverty, both in depression and in prosperity, while another one-third lives below the comfort standard. Probably one-half of the families of the United States fail to have a minimum-health-and-decency standard. One-third of the families at the top are able to satisfy their basic needs in a wholesome and adequate manner; but only this group of a few highly skilled wage-earners and most professional people and business executives have attained the comfort standard of living. Fewer than 5 per cent of the families have incomes of over $10,000 annually.

HOW THE CONSUMER SPENDS HIS INCOME

A striking picture of the fact of poverty in the United States can be obtained from an analysis of the ways in which different income classes spend their incomes. It should be noted that very few luxuries are consumed by the low-income half of the nation, and that the upper one-tenth spends barely 20 per cent of its income for the so-called necessities; namely, food, clothing, and shelter. Many in the lower-income groups spend more than they receive. The difference between income and expenditures is supplied by loans and various forms of relief.

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[54] *The Economic Report of the President for January 7, 1949, op. cit.*, p. 72.

[55] Quoted from a summary of George B. Anderson, *How To Get More Fun For Your Money* (Reilly and Lee Company) in the *Chicago Daily News*, January 24, 1949, p. 17.

Students of consumer problems have attempted to make generalizations about the way in which people of varying incomes spend their incomes. One such student, Ernst Engel, has formulated some laws of consumption on the basis of his observations. He declares that an increase in family income will result in a decreased percentage of the total income which will be spent for food; about the same percentage will be spent for clothing, rent, fuel, and light; and increased percentages will be spent for education, health, and recreation.

What proportion of the income of a family is spent for the various items that go into the making of a household budget? How do these proportions shift from one income class to another? TABLE XLIV throws some light on the answers to these questions. First, one sees a close similarity in the percentage figures for all three years in reference to any one kind of goods for each of the income classes. For example, the food item for the $1,000 class is 39 per cent for 1929; 43 per cent for 1935–36; and 36.5 per cent for 1942. Some of the other yearly comparisons are even more similar.

Further inspection of TABLE XLIV shows that the low-income group spends about 40 per cent of its income for food, while the middle-class group spends about 25 per cent, and the $10,000 a year comfortable class spends only 15 per cent for food. This fact does support Engel's thesis that less money is spent for food in proportion to income as the family's income rises. Clothing remains at about 10 per cent for all income classes, as indicated by Engel. Housing and its maintenance, contrary to Engel, tends to decline in relation to income as the income level rises. Housing accounts for about 40 per cent of the low-income budget, but declines in amount of expenditures to about 20 per cent for the $10,000 class. The favored position of the professional level group is shown best by comparing the proportion of the income which is saved and spent for the luxury and "cultural" items with the proportion which

TABLE XLIV

EXPENDITURES FOR DIFFERENT GOODS BY FOUR INCOME GROUPS* FOR THREE YEARS, 1929,† 1935–36,‡ AND 1942§

Kinds of Goods	*Levels of Income*											
	Low Income Class ($1,000)			*Skilled Labor Class ($2,500–$3,000)*			*Middle Class ($3,000–$4,000)*			*Professional Class ($5,000–$10,000)*		
Year	1929	1935	1942	1929	1935	1942	1929	1935	1942	1929	1935	1942
Food	39.0	43.0	36.5	27.0	23.0	32.0	22.0	19.0	27.0	15.0	17.0	17.0
Clothing	6.0	10.0	11.0	10.0	10.0	9.5	12.0	10.0	10.5	10.0	10.0	9.5
Housing	45.0	35.0	34.0	30.0	27.0	17.5	29.0	22.0	19.5	20.0	15.0	21.0
Miscellaneous	10.0	12.0	14.5	22.0	28.0	22.5	16.0	28.0	22.0	21.0	33.0	25.0
Savings	0.0	0.0	4.0	11.0	12.0	18.5	21.0	21.0	21.0	34.0	25.0	27.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* All figures are in percentage.

† 1929 figures are from M. Leven, *et. al., America's Capacity to Consume,* The Brookings Institution, Washington, D. C., 1934, Ch. 7.

‡ 1935–36 figures are from the National Resources Committee, *Consumer Expenditures in the United States,* U. S. Government Printing Office, Washington, D. C., 1939, p. 21.

§ 1942 figures are from *Wartime Budgets for Three Income Levels,* The Heller Committee for Research in Social Economics, University of California, 1945.

is spent by the lower-income groups for the same items. The upper $10,000 a year group used more than one-half of its income for savings and the miscellaneous items, such as education, recreation, and luxury spending. The lowest-income group could afford only one-tenth for the "extras," with nothing left for savings. As the income level rises, an increasing amount of the budget can be used for the semi-luxury and luxury items. As the $3,000–$5,000 level is reached, from 35 to 40 per cent of the income is left for health, decency, and the comfort items in the budget.

HOW SAVINGS ARE DISTRIBUTED

A final index of the American family's standard of living is the amount of savings which it has. The traditional path to security has been for each family to provide its own protection against the hazards of old age, sickness, death, and unemployment. Thrift, from time immemorial, has been considered a remedy for poverty.

TABLE XLV shows for the United States the amount of savings and the percentage of the total national income which went into savings in various years.

TABLE XLV

PERSONAL SAVINGS FROM 1929 TO 1947*

Year	*Savings (Billions of Dollars)*	*Percentage of National Income*
1929	3.7	4.5
1935	1.8	3.1
1939	2.7	3.8
1941	9.8	10.7
1943	30.0	22.8
1945	29.0	19.2
1947	11.1	6.3

* *The Economic Report of the President for January 19, 1948,* p. 112.

The savings of American families increased abnormally during the war years, increasing at a rate more than twice the normal amount. This record increase in savings reflected both the abundance of production and family incomes during the war, as well as the success with which the war-bond drives were promoted. Also, the large savings indicated a shortage of consumer goods for which the large incomes could be spent. The decline in savings since 1946 suggests that consumer spending is returning to normal, and that savings likewise will resume their normal proportion of the national income. Now more goods are available for purchase, while earnings are not so high as they were during the war period, since less overtime work is now possible. An economic trend which is more critical for the future stability of the nation's economic well-being is that the postwar increase in prices has been greater than that in the case of wages. This disparity between prices and incomes is causing many families to dip into their accumulated savings for the purchase of the necessities of living.

Something more important for the health of the nation's economy than the amount of savings in any single year is the division of the total savings among the various income classes. The table below summarizes the percentage of total savings which the different income levels held in various years:

TABLE XLVI

PERCENTAGE OF SAVINGS HELD BY INCOME CLASSES FOR FOUR DIFFERENT YEARS COMPARED WITH PERCENTAGE OF POPULATION FOR EACH INCOME CLASS

Income Class	*1929*[*]		*1935–36*[†]		*1941*[†]		*1945*[†]	
	S[‡]	*P*[§]	*S*	*P*	*S*	*P*	*S*	*P*
Below $999	–15	21.5	–28	53	–6	35	–1	20
$1,000–$1,999	5	38	15	31	9	30	11	27
$2,000–$2,999	10	19	22	10	11	20	14	23
$3,000–$4,999	16	13.5	20	4	18	10	36	22
$5,000 and over	84	8	71	2	68	5	40	8
Total	100	100	100	100	100	100	100	100

[*] M. Leven, *et. al. America's Capacity to Consume, op. cit.*, p. 93.

[†] *Federal Reserve Bulletin*, August, 1946, p. 852.

[‡] *S* is for savings.

[§] *P* is for population.

What do we learn about who does the saving in the United States? In every year those who received less than $1,000 income per year spent more than they earned, hence the negative percentages for those who constituted over 20 per cent of the population in 1929, 50 per cent in 1935–36, 35 per cent in 1941, and 20 per cent in 1945. Looking at the other end of the income scale, we see that nine-tenths of the savings came from those families who have incomes above the average. Even in the relatively prosperous year of 1945, with inflated price values, the 30 per cent of the population with incomes over $3,000 had 76 per cent of the savings. The great masses of people have no savings, either because they are not thrifty, or, more probably, because they do not have sufficient income to permit any savings. For most low-income groups, the problem of existence today is more urgent than the problem of saving for an unpredictable tomorrow.

TABLE XLVII adds information on the existing disparities in savings among the various income groups.

TABLE XLVII

PERCENTAGE DISTRIBUTION OF INCOMES AND SAVINGS[*]
AMONG VARIOUS INCOME GROUPS IN THE
UNITED STATES FOR 1945

Percentage of Total Income Groups†	*Percentage of Total Income*†	*Percentage of Total Savings*†
Upper 10 per cent	29	60
Upper 20 per cent	45	82
Upper 30 per cent	58	96
Upper 40 per cent	69	105
Upper 50 per cent	78	111
Lower 50 per cent	22	—11

[*] *Federal Reserve Bulletin,* August, 1946, p. 574.
† All percentage figures excepting for the lower 50 per cent are cumulative.

The upper 10 per cent held 60 per cent of the savings, while the lower one-half of the population had no savings at all. Worse than that, they were 11 per cent "in the red." In other words, one-half of the savings in 1945 came from the fewer than 10 per cent of the families with incomes over $5,000 per year. Moreover, these same families save, on the average, 20 per cent of their incomes, while the families with incomes of $3,000 or less save less than an average of 5 per cent of their incomes.[56]

The total savings held by a single family is another measure of the relative degree of wealth or poverty in the United States. The Institute of Life Insurance estimates that total savings in March, 1947, were about 154 billion dollars, as compared with about 48 billion dollars in 1929 and 127 billion dollars in 1944. Yet the amount of savings held by most families remains small. *The Economic Report of the President* for January, 1947, gives information that 29 per cent of the families of the United States in 1945 held less than $500 in bonds or bank accounts. The families in the upper 40 per cent averaged $10,500 per family, but the lowest 40 per cent saved only an average of $40 per family.[57] Seventy per cent of the consuming units had accumulated less than $700 each during the war years after 1940 with which to buy the goods in the post-war era that were not available during the war years, as well as to meet the various family expenditures for emergencies.

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[56] *Federal Reserve Bulletin,* July, 1946, p. 719.

Life insurance was held by three-fifths of the families. For the average person, life insurance was the most common form of investment, although a greater amount of money was invested in savings accounts and savings (war) bonds. Two-thirds of the more than 70,000,000 people who have life insurance policies own industrial life insurance in amounts of less than $500. Forty-two per cent of the more than 41 billion dollars invested in life insurance is owned by the upper one-fifth of the population. Insurance, like other forms of savings, shows the same marked inequality as does the distribution of incomes. During the war period, more people invested in war savings bonds than in life insurance. In 1945, two-thirds of the people who had incomes owned savings bonds totaling some 45 billion dollars. In normal times, however, most people keep their liquid assets and savings in the form of bank deposits and savings accounts. Probably, as time passes, fewer people will be buying United States Savings Bonds, and more will place their money in banks and other investment concerns.

THE ABILITY OF THE AMERICAN ECONOMIC SYSTEM TO PROVIDE A COMFORT STANDARD OF LIVING

The final test of the adequacy of our economic system, assuming a better distribution of the national income, is its ability to produce enough goods to give all American families a comfortable standard of living. Some economists maintain that a more equitable distribution of the income would militate against the smooth operation of our capitalistic economy. They contend that large incomes and the resulting heavy savings furnish the surplus capital which provides the life blood for the expansion of the national productive system. Also, they hold that large incomes provide the necessary reward for the risk-taking incentive which is the spark plug of the capitalistic system. Other economists, who accept a more liberal view of economic matters, believe, equally sincerely, that the prevailing inequalities in our income distribution form the primary causal factor in depression and unemployment. One thing all economists will agree upon, however, is that the United States has sufficient land, natural resources, and labor to give everyone at least a minimum-health-and-decency standard of living. The thesis of the several volumes published by the The Brookings Institution in the 1930's was that, if America could use all of her available labor supply and plant capacity, a decent standard of living could be achieved for the majority of the people, and that at the same time periodic depressions might be avoided or lessened.[58]

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[57] *Ibid.*, pp. 719–720.

Economists will also agree that a higher standard of living depends ultimately upon the ability of every laborer, as the years go by, to produce an increasingly larger quantity of goods with the same output of labor energy. If prosperity and the opportunities for a higher standard of living are to be measured in terms of growing labor productivity, then the United States, prior to 1940, had made good progress. From 1850 to 1940, the productivity of labor had more than quadrupled.[59] Labor productivity has increased at an average rate of 18.2 per cent per decade since 1850, with a maximum rate of increase of 42 per cent in the decade after 1930. Spurgeon Bell concludes that, from 1923 to 1937, productivity in all industry rose by 50 per cent, while the number of man-hours employed declined 16 per cent.[60] Since 1875, productivity increased an average of more than 2 per cent per year.[61] The output per worker increased more in the mechanical industries than in the white-collar service and distributing types of businesses. Dewhurst estimates that industrial output per worker increased 78 per cent from 1923 to 1940, but only 23 per cent in the white-collar industries for the same period.[62] There is some doubt about the increase in labor efficiency during the World War II period, but the Department of Commerce claimed in 1943 that we could produce as much by 1946 as we produced in 1940 and with 19,000,000 fewer workers.[63] Did real income keep pace with the increase in labor productivity? If productivity, as a result of the use of more capital and technology, increased 42 per cent from 1930–1940, did real wages increase as much?

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[58] M. Leven, *et. al.*, *America's Capacity to Consume*, 1934 and E. G. Nourse, *et. al.*, *America's Capacity to Produce*, 1934, both works published by the Brookings Institution, Washington, D. C.

[59] J. Frederic Dewhurst, *op. cit.*, pp. 22–3, Ch. 22.

[60] Spurgeon Bell, *Productivity, Wages, and National Income*, The Brookings Institution, Washington, D. C., 1940, p. 167.

[61] J. Frederic Dewhurst, *op. cit.*, p. 553; *The Economic Report of the President for January 7, 1949, op. cit.*, p. 87.

Spurgeon Bell estimates real wages declined by 20 per cent in the period from 1919 to 1939, although productivity rose 50 per cent, output increased 25 per cent, and hourly wages went up 45 per cent.[64] Simon Kuznets, in his study of national incomes from 1919 to 1938, states that it was doubtful whether labor received any increase in real wages at all, while the amount of income in the form of dividends and interest did increase.[65] Gordon Hayes concludes that, from 1923 to 1929, production in dollar value increased ten times more rapidly than wages.[66] Full employment, Hayes concludes further, would have required 50 per cent more consumption in 1946 than in 1940. In reality, national consumption expenditures for 1946 were 100 per cent more than they were for 1940. All of these studies are in agreement on the fact that real wages did not keep pace with the growth in labor productivity in the period between 1919 and 1939. Labor productivity increased 150 per cent from 1890 to 1940, while, according to the estimates of Stanley Lebergott, real earnings increased only 68 per cent for the same period.[67]

What about the period since 1940? If we assume that man-hour productivity increased the average of 2 per cent per year since 1940, this would be a total gain of about 20 per cent. Lebergott estimates that real wages rose more than 45 per cent between 1940 and 1946. Despite some loss of real income since 1946 as a result of prices rising more rapidly than wages, it would seem that, for the first since the Civil War, real earnings kept pace with the increase in labor productivity. However, it is a safe conclusion that real wages for all workers over a long period of time have not kept pace with the increased rate of man-hour output in industry and the expending output of goods in the United States. Until a better balance is struck between real income and productivity of labor, an improved standard of living for the majority of the American people will be difficult to achieve.

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[62] J. Frederic Dewhurst, *op. cit.*, p. 553.

[63] H. Gordon Hayes, *Spending, Saving, and Employment*, Alfred A. Knopf, Inc., New York, 1945, pp. 92–3.

[64] Spurgeon Bell, *op. cit.*, p. 24.

[65] Simon Kuznets, *National Income and Its Composition, 1919–1938*, National Bureau of Economic Research, New York, 1941, I, p. 160.

[66] H. Gordon Hayes, *op. cit.*, pp. 92–95.

[67] Summary of the research of Stanley Lebergott which was published in the *Journal of the American Statistical Association* is taken from the *New York Times*, June 27, 1948, p. 40.

Can the economic system of the United States provide a decent standard for the masses of its workers and consumers? Probably the best answer is that, if the war rate of production and employment could be maintained in the peace years, the goal of an adequate income for all could be realized. In normal years, however, even if the total output were divided equally among all workers there would hardly be enough to provide the decent standard for all. Potentially, the United States has the economic capacity and resources to give every American an income which would be sufficient for the health-and-decency standard. Probably at the present time a comfort standard of $5,000 a year or more for families is out of the question. However, this ideal standard can be achieved eventually if technological advances continue to cause labor productivity to increase in the future at the same rate as they have in the past, and if a better distribution of the national income can be devised.

If it is assumed that the United States will eventually have the productive capacity to furnish its citizens a minimum-health-and-decency standard of living, there is still no assurance at the present time that everyone will secure such a living standard. Our business leaders and engineers have approached much more closely the ideal of maximum production of goods than the social engineers and economists have arrived at the ideal of some system that would secure a more just distribution of the goods to the consumers. The unsolved social problem of how to distribute the national income in such a way as to yield the maximum benefits to the individual citizen as well as to the entire economic system remains the primary factor in poverty in the United States.

CONCLUSION

The factual material in this chapter does not derive from studies by people who are seeking to overthrow our present democratic, capitalistic system of production. Instead, students of our economic system desire to know how it functions, and with what degree of success. The statistics given in this chapter may not be infallible, but it would be difficult to show that they exaggerate the inequalities in the distribution of family incomes.

In this chapter on standards of living, brief mention was made of the major causal factors in poverty: old age, sickness and industrial accidents, unemployment, and the maldistribution of a still inadequate national income. While much can be done to improve the lot of the families at the lower end of the economic scale, no one suggests seriously that perfect equality of income for all people would be either desirable or possible. The greatest hope for future improvement lies partly in better distribution and partly in the advancement of the production of goods by using to full capacity all possible inventions, discoveries, new materials, new sources of energy, and all industrial plants, farms, and labor. Full employment and full production are the keys to prosperity. Both business executives and labor leaders agree on that formula. Overproduction is a needless fear. The capacity of man to consume ever-increasing quantities of goods and to desire more and more goods seems almost limitless. There is certainly no lack of consumers; only the lack of money with which to buy. The problem then is, first, to increase the national output of goods and the national income, and after that to see to it that the larger portion of the increase goes to the consumer in the form of lower prices and better wages.

It is to be hoped that this improvement in our economic life can be attained without destroying the foundations upon which our present economic and political systems rest. Those who have tried to achieve greater equality of income by establishing Utopian systems have not been too successful in their efforts. Until the

United States can reduce the amount of poverty among its families, its traditional concepts of freedom and equality will be challenged more and more by the proponents of competing economic and political orders.

No one knows the exact formula for bringing better production and better distribution of incomes to the American people. Probably the nation would be traveling on the road towards that goal of a "comfort" standard for at least two-thirds of the population instead of the present one-third or less if such a formula included better control of monopolies, a more progressive income, a freer system of world trade, better development of water power and our other power resources, more capital invested in research facilities, greater development of newer and better methods of producing and distributing goods, plus more liberal support of social security, educational opportunities, and the guarantee of job opportunities to all people regardless of their social or cultural status. Whether for good or for ill, the drift of events is towards an increasing measure of government intervention, designed to protect the income of the masses and their living standards either by maintaining high wages or by using measures which will force prices lower. The ingenuity of our national leaders, no matter in what field of endeavor they are employed, will be taxed to the utmost in an effort to maintain the proper balance between government regulation and protection on the one hand and the preservation of the freedom of the capitalistic system to explore and to adopt improved methods of production on the other.

TERMS TO BE UNDERSTOOD

standard of living
poverty
minimum-subsistence standard
minimum-health-and-decency standard
comfort standard
Engel's laws
consumer unit
labor productivity
economic security
national income

QUESTIONS FOR DISCUSSION

1. Many students of our economic system defend the existing inequalities of income as both inevitable and desirable. Why would

they say "inevitable"? Why "desirable"? How does a nation's economy secure capital for investment purposes?

2. How sound economically is the proposal to pay labor according to need rather than according to the ability to produce goods? Does Soviet Russia pay its labor on the basis of "need" or of "productivity"?
3. What is happening to "big family fortunes" in the United States at the present? Do you believe that the next century will offer as much opportunity to future Vanderbilts and Rockefellers to accumulate large fortunes as the past century did?
4. What reasons help explain the present trend, though slight, towards larger relative incomes for the low-income groups and smaller incomes for the wealthy income levels? If you wished to accelerate this trend what further measures and reforms would be necessary?
5. How do you explain the comparatively low incomes of farm families? of Negro families? Is inefficiency or discrimination the answer in relation to the Negro family income?
6. What effect did World War II and the postwar "boom" have upon the distribution of the national income? Did all classes of workers experience the same degree of change?
7. What can be done to provide more useful activities for people past 65 years of age? If such people are able to work, should they be continued in productive employment?
8. To what extent is a decent standard of living a psychological rather than a physiological standard?
9. Do you believe that the recent gains for low-income families have been the result more of gains in real wages, or of more members in each family employed?
10. Which would you prefer: A salesman's type of job which might offer you $10,000 a year but with small chance for employment in times of depression, or a civil service job which might provide a $3,000 annual income with a high degree of security?

FOR FURTHER STUDY

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Chapter Twenty-one

INDUSTRIAL RELATIONS

In an industrialized and highly developed economic system, an individual who is expected to provide his own support can do so either as an employer of other workers, by going into business for himself, or by working for someone else. The latter is the choice, usually the only choice, of most working Americans. By the summer of 1948 we had reached the unprecedented total of 61,000,000 gainfully employed workers during peacetime. These workers and their dependents are the bulk of the American population. The incomes which this group receives and the living standards which it enjoys have been fully discussed in the previous chapter. In this chapter, the factors that determine the various levels of wages will be discussed.

ECONOMIC FACTORS IN WAGE DETERMINATION

Economically, wages are a price, and as such they are subject to the influence of supply and demand. We are all familiar with the fact that when work is slack and many persons are seeking jobs, the wages paid are low, while in periods of prosperity, business is good, jobs are plentiful, and workers are hard to find, with the result that wages increase. We can easily see here the connection between supply and demand.

The Supply of Labor. The total supply of labor cannot be determined merely on the basis of the size of the total population. It depends also upon the proportion of men, women, and children comprising that population and upon the proportion of those who are employable at various skills. It depends further on the accessibility of those seeking jobs to places of employment and upon the number of hours worked.[1]

The total supply of labor is not especially significant in discovering the factors which determine the level of wages in particular occupations. Employers do not hire *any* worker, but hire definite numbers of particular *kinds* of workers. It is the supply of and demand for these particular classes of workers that determine the wages for each class. Taussig's classification of workers, which is widely accepted, identifies the following groups:

(1) The unskilled. These are the manual workers in all industries and in agriculture whose jobs require no skill or special training. The newly arrived immigrants in earlier decades supplied the bulk of this group.
(2) The semiskilled. These, too, are manual workers, but their jobs require some skill, and hence a little training. The bulk of the machine tenders and the assembly-line workers fall into this category, and it is an expanding one.
(3) The skilled. These are the technicians and craftsmen of American industry. Considerable skill and hence fairly long training periods are necessary. The workers in the building trades, the upper grades of operating railroad workers, machinists, etc., make up this group.
(4) The "white-collar" clerical and semiprofessional. These are the office and clerical workers, sales persons, teachers having minimum training, and similar workers.
(5) Professional. These are the managers of industry, professional people, higher public officials, etc.[2]

Generally speaking, the competition between workers for jobs takes place within each of these groups. The workers in the lower-skill groups do not compete with those in the higher-skill groups; but, in a period of depression, those in the latter groups may compete with those in the former. Because of the infrequency with which they compete with each other for the same jobs, we refer to these two groups as non-competing wage groups. It is also generally true that each group tends to maintain its own future labor supply. The children of the unskilled may not have the opportunity to train themselves for better jobs. They leave school early because of economic necessity. Persons in the skilled groups have the financial resources to educate their children for professional and managerial occupations. They also tend to have fewer children to educate, while the larger families are usually found among those in the lower wage classifications.

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[1] For a detailed discussion of some related problems not dealt with in this chapter, see Philip M. Hauser, "The Labor Force and Gainful Workers—Concept, Measurement, and Comparability," *American Journal of Sociology,* 54: 338–55 (January, 1949).

[2] Frank W. Taussig, *Principles of Economics,* The Macmillan Co., New York, 1939, Vol. II, 235–7.

The supply of labor in particular crafts or professions is often restricted by artificial means, with the same general economic effect upon the wages or income of such groups as happens to the prices of goods when their supply is reduced by those in control of industry. The nature of these two kinds of restrictions differs, but their purpose and effect is the same; namely, to limit the quantity which enters the market.

The Demand for Labor. The demand for labor is said to be indirect, or derived. Consumers demand goods and services and, in order to produce these, business men must hire workers. Workers are employed only as long as there is a demand for the products of the workers. Thus the welfare of the wage earner depends upon his ability to hold his job, and this in turn depends largely on the maintenance of the demand for goods and services. Since many factors can and do disturb this demand, the position of the worker is none too secure. This element of insecurity can explain much that has happened in recent years in the fields of labor organization and social legislation.

The employer's main concern is to make a profit; and because his wages are a necessary cost of his business, he is not inclined to pay higher wages than he finds necessary. If he has superior bargaining power, he may be able to force his workers to accept very low wages. Workers may retaliate by organizing into unions and demanding higher and higher wages, even at times threatening the survival of the business.

Theoretically, wages can go only as low as the minimum necessary for existence. At this level the worker is barely able to keep himself and his family going. Wages below this level would tend to cause starvation, thus threatening the future supply of labor. The upper limit of wages is determined by the value of the product of labor.

The Value of Labor. It is obvious that the most an employer can pay a worker is determined by what the worker adds to production, or the marginal productivity of labor. In many kinds of work it is not possible to identify the specific product of each worker, so that only an approximation is possible. Even where the production can be measured exactly, the employer will not pay this much in wages unless he is forced to. He can increase his profits by keeping wages below this point. The worker, on the other hand, would like to receive the full value of his service.

There are two aspects to a worker's productivity that must be kept in mind. The first is the idea of physical productivity, such as so many operations per hour, so many units per day, etc. The second idea is the dollar value of this physical product. Thus, money wages may rise and fall while physical production remains constant. The ability of an employer to pay any level of wages is determined by the price he is able to receive for his products. In a period of falling prices his wage-paying ability declines, and he tries to reduce wages. In a period of rising prices his wage-paying ability increases, and he does not oppose too strongly the worker's demands for higher pay.

Money Wages and Real Wages. Following World War II there was a succession of demands by labor for higher wages. For the most part these demands were met. Even the workers recognized, however, that their living standards did not seem to improve after they received their wage increases. They discovered that in most cases the cost of living was rising faster than their incomes. The important element in determining the welfare of labor is not the amount of cash received in the pay envelope but the purchasing power of this pay, which we call "real wages." The value of the dollar depends upon the level of prices, or the price index; and, in order to discover what is happening to real wages, we must relate the money wages to the price index. The following table shows how real wages, and hence living standards, could be maintained while money wages were changing substantially. These figures are only rough approximations and are intended merely to illustrate a point.

TABLE XLVIII

RELATION OF MONEY WAGES AND REAL WAGES: 1926–1947

Year	*Money Wage per Month*	*Price Index*	*Real Monthly Wage*
1926	$200.00	100	$200.00
1932	130.00	65	200.00
1940	160.00	80	200.00
1947	300.00	150	200.00

Note: The money wage divided by the price index equals the real wage, or purchasing power.

There can be no genuine improvement in living standards for any worker unless his money wages rise faster than the cost of living. Historically, through greater productivity, the American worker has been able to improve his living standards appreciably. In the years immediately following World War II, average real incomes were above the highest incomes reached before 1940. While this was true of the *average* worker, it was not true for many groups with low and fixed incomes. Public employees, school teachers, and many white-collar groups did not have their incomes increased nearly in proportion to the increase in the price index, with the result that their living standards were reduced correspondingly.

DEVELOPMENT OF LABOR ORGANIZATION

Labor Organization—Purposes. It was indicated above that employers are not inclined to pay any higher wages than necessary, while workers want to get all they can. How much workers can get is dependent largely upon their bargaining power. They find that by organizing they can increase their bargaining strength and are thus able to demand up to the full value of their product. There is thus a conflict of interest between employers and their workers with references to wages. Workers are interested in many things besides their wages; but, since virtually all of these can be viewed by the employer as causing him greater expense in production, he is also inclined to oppose workers' demands for such things as shorter hours of work, vacations with pay, special seniority rights, etc.

Under the conditions prevailing in Adam Smith's time there were no large factories. The worker usually worked in the employer's home and was considered a part of the employer's family. The relations between them were close, and the worker's welfare was adequately protected. With the growth of the large factory system this personal contact was lost. The hazards to the worker of new and heavy machinery became great, with little protection provided. Employers were in a position to abuse their workers, pay them low wages, work them long hours, and generally subject them to conditions likely to arouse the resentment of workers. Out of such conditions grew the demand for improvement of conditions. The legislatures were asked to provide protection, and where possible the workers banded together for their mutual protection.

While labor has always been interested in economic improvement, in the late 1700's and early 1800's labor also was vitally interested in social and political reforms. It fought for the abolition of imprisonment for debt, against compulsory military service which fell only on the poor, for free public education, for the removal of property qualifications for voting, for mechanics' lien laws, and for many other things which since that time have become commonplace. In recent decades the economic factors have received greater attention, although the social and political aspects are rarely neglected.

Labor Organization—Background. The development of organized labor followed closely the development of the factory system in the United States. As early as 1792 the shoemakers of Philadelphia organized for their mutual interest. They sought wage and hour adjustments, apprenticeship control, and benefits for illness and death. They used collective bargaining and the strike as early as 1799. As long as trade was largely on a local scale, unions developed on a local scale, but as industry and trade became nationwide in scope, the labor movement followed. Today the national unions are organized on the same scale as the employer groups. The growth of the labor union movement during most of the nineteenth century was spotty and irregular. The combined opposition of the employers, the state and national legislatures, the state and national court systems, and even the general public, was more than the loosely organized unions could withstand. The fact that labor unions were revived and eventually survived would seem to indicate that they were fulfilling an essential function. The membership of the unions ran parallel with the various phases of the business cycles, being large during periods of prosperity and small or nonexistent during depressions.

The American Federation of Labor (AFL). After a century of hardships and repeated rebuffs there finally emerged a national organization that could survive depressions and the opposition of the employers, legislatures, and the courts. It started in 1881 as the Federation of Organized Trades and Labor Unions, and became known in 1886 as the American Federation of Labor. Samuel Gompers, of the Cigarmakers' Union, was chosen the first president of the AFL, and he continued in that office, with the exception of one year, until his death in 1924. Gompers, Strasser, and others founded the AFL on principles which their experience showed were sound. They avoided the pitfalls of the former, short-lived national unions. These principles included: (1) Organizing workers on the basis of craft or skill. Workers with a common skill were considered likely to work together more closely than workers with different skills and interests. (2) Charging high dues. One purpose of this was to establish a variety of financial benefits for the worker, thereby giving him a stake in the union. (3) Keeping out of politics. Many an earlier union had been wrecked by an attempt on the part of the union to elect its own candidates to public office. The new AFL avoided direct participation in politics, but it by no means forgot about politics. (4) Providing autonomy for the national craft unions. Experience has shown that this is a good procedure. It promotes responsibility by the local unions and it concentrates strength at a level where the unions can effectively match the employer organizations in collective bargaining.

At the base of the American Federation of Labor is the local union which consists of a small group of workers in the same trade or profession who work in the same community. Every union man belongs to one of these locals and it is here that the individual worker can express himself. These locals are in turn affiliated with the national or international organizations in their trade. Thus the local electricians' union belongs to the International Brotherhood of Electrical Workers, and it is this latter organization which has the final authority in matters affecting electrical workers. The IBEW, along with other national craft unions, is affiliated with the American Federation of Labor, which is the general spokesman for its members on matters of general interest to all workers. It must be remembered that the national unions are autonomous, and hence the Federation as a separate organization has no real power over its membership. At the time of its formation this may have been a desirable condition, but in recent decades it probably was responsible for much of the difficulty experienced in organizing the mass-production industries in the 1930's. The Executive Council of the AFL is the policy-making body, and it is dominated by men who are the leaders of their own strong craft unions. They are naturally craft-conscious. In the 1880's, when the AFL was organized, the craft pattern fitted the industrial scene satisfactorily. However, with the introduction of the assembly line and the perfection of the mass-production techniques, the craft basis of organization did not fit the industrial pattern. Some of the national unions in the AFL were organized on the industrial plan, with all workers in a plant belonging to a common union, regardless of their particular skill or craft. The United Mine Workers was such a union. With the great rush for organization which followed the enactment of the National Industrial Recovery Act of 1933, several of the supporters of industrial unionism attempted to convert the AFL to endorsing this plan for organizing the mass-production workers. Their efforts failed, and this failure ultimately resulted in the formation of the rival CIO.

The Congress of Industrial Organizations (CIO). At the annual AFL convention in 1935, the proponents of industrial unionism tried to commit the AFL to the acceptance of the industrial plan of organization in the newly organized mass production industries, such as the automobile, steel, rubber, aluminum, radio, and chemical industries. This effort was defeated, whereupon a group of industrial unions and their leaders, led by such men as John L. Lewis, Sidney Hillman, and David Dubinsky, formed the Committee for Industrial Organization (CIO). This committee pushed the organization of the mass production industries along industrial lines, and continued its efforts to convert the AFL leaders to this plan. The leaders of the AFL had no choice, apparently, but to oppose the new move. The basic cause of difficulty lay in the fear of sponsoring dual unionism, a cardinal sin among unions. In each of these mass-production industries could be found a substantial number of skilled workers who logically fell within the jurisdictional claims of one or more of the existing AFL craft unions. The AFL felt that these craft workers should join their respective craft unions that were already established rather than join a new industrial union. The industrial unionists argued on the other hand, that to remove these important craft workers from their local unions would greatly weaken the bargaining power of the remaining workers, which was true. In fact, as soon as locals of the crafts could be established in these plants, they were removed from the local trade and federal labor unions and placed in the respective national craft unions. The remaining unskilled and semiskilled workers, who were not desired by any of the craft unions, continued in their temporary and weak locals, directly attached to the parent AFL.

The AFL ordered the CIO to dissolve, but to no avail. The 1936 convention approved the suspension of the unions which took part in the CIO, but the CIO continued its program of organization. By 1938 the hopes of labor peace disappeared, and the CIO became a permanent organization, under the name of the Congress of Industrial Organizations. John L. Lewis became its first president. In structure it followed the general pattern of the AFL. In 1947 it claimed a membership of over 6,000,000 workers.

Strength of Unionism in the United States. The following table shows the growth of unions from 1897 to 1947. In the nonaffiliated group will be found the four strong independent railroad brotherhoods and some independent unions. Out of a total number of over 61,000,000 gainfully employed in 1948, about 15,500,000 were members of labor unions. In numbers, labor unions represent a minority of American workers. This is no test of their strength and influence, however, because the most strategic industries and the most essential crafts are strongly organized. A national strike by

TABLE XLIX

MEMBERSHIP OF LABOR UNIONS, 1897–1947

Year	*American Federation of Labor*		*Congress of Industrial Organizations*		*Nonaffiliated and Independent Unions*	*All Unions*
	Number of Affiliated Unions	*Total Membership (Thousands)*	*Number of Affiliated Unions*	*Total Membership (Thousands)*	*Total Membership (Thousands)*	*Total Membership (Thousands)*
1897	58	265			175	440
1900	82	548			243	791
1905	118	1,494			424	1,918
1910	120	1,562			554	2,116
1915	110	1,946			614	2,560
1920	110	4,079			955	5,034
1925	107	2,877			689	3,566
1930	104	2,961			671	3,632
1935	109	3,045			683	3,728
1937	100	2,861	32	3,718	639	7,218
1940	105	4,247	42	3,625	1,072	8,944
1942	102	5,483	39	4,195	1,084	10,762
1944	100	6,807	41	5,935	1,879	14,621
1946	102	7,152	40	6,000	1,822	14,974
1947	105	7,578	41	6,000	1,836	15,414

Source: *Handbook of Labor Statistics,* Bulletin No. 916, U. S. Department of Labor, Washington, D. C., 1947, p. 130.

any one of a number of the national unions can paralyze the whole economic system. In fact it was a series of such paralyzing strikes after World War II that led to the Labor-Management Relations Act of 1947, popularly referred to as the Taft-Hartley Act.

LABOR UNIONS IN OPERATION

After a union has been formed, its officers approach the officials of the company and ask, or demand, that they be recognized as the official bargaining agency for the workers in the plant. Usually the reply of the company officials is that the union must show proof that it is entitled to represent the workers. In an earlier day, before the right of workers to organize and bargain collectively through representatives of their own choosing was specifically recognized in law, the relationship between a new union and an antiunion employer was far from cordial. Industrial warfare would be a better description.

If the employer is unwilling to accept the claim of the new union, an election supervised by a government agency is held to determine whether a majority of those who vote want a union to represent them, and which union they want. The union receiving the majority vote is certified as the appropriate bargaining unit for the workers. The employer then must grant recognition to the union, and the process of collective bargaining begins. The union officials present the company representatives with their "demands," and the company in turn indicates its position on each of the items specified. In due time an agreement is probably reached, a contract is signed, and the basis for industrial cooperation is established.

If there is difficulty at any point in this elaborate process, the union may resort to a variety of techniques to enforce its claims. It is very likely to call a strike, pulling the workers off their jobs and forcing a shut-down of the business. To be effective, the strikers must not only leave their jobs, but they must also see to it that no one else takes their jobs. A picket line is thrown around the plant to publicize the fact that a labor dispute is in progress, and to make certain that "scabs" do not try to enter the plant to resume production. Large placards tell the nature of the dispute, what the workers are asking, and usually what the workers think of the "boss." If this is not sufficient to bring the employer to terms, the workers seek support from other unions and workers. Unions in similar or other businesses may boycott or go on strike in "sympathy" with the first union. Various boycotts may be instituted. Firms buying from the struck plant then feel the pressure; firms selling to the struck plant also feel the pressure; and in due time the public begins to feel the pinch. If the union can hold out and does not antagonize the public, it is likely to bring the employer to terms, for few employers can stand the loss of profits for any length of time, even when fundamental principles are involved.

The Collective Bargaining Agreement. The energies of responsible unions are directed toward securing an agreement and making it as favorable for the workers as possible. After the contract is signed the unions usually make a genuine attempt to abide by its provisions. Some of the newer unions in recent years have not been too zealous in this respect, especially in cases where the national officers have little control over "hotheads" in the troublesome locals. On the whole, however, labor's record in adhering to its agreements is commendable.

The Closed Shop. The advantages gained by a union in a contract depend largely on its strength. It is logical, therefore, for the union to try to bring all workers in a plant into the union and to seek a closed-shop provision in the contract. The closed shop gives the union complete control of the shop and greatly increases its bargaining power. The full closed shop insures that only union men may work in the plant and that a man must belong to the union before he may begin working in the plant. This provision is strongly opposed by most employers, because it compels them to rely on the union for new workers. The Taft-Hartley Law prohibited this provision in contracts coming under its jurisdiction. The closed shop may be tolerable to the employer if the union takes seriously its responsibility of providing adequate numbers of competent workers; but when the closed shop is accompanied by the closed union the situation becomes unbearable for the employer. In a few unions it is virtually impossible for newcomers to enter the trade. This is what is meant by the term "closed union."

The Union Shop. A more prevalent provision is the union-shop clause. This requires that all regular employees must belong to the union, after a trial period of specified length, but a new worker need not be a union man before he begins working in the plant. The employer thus has the chance to recruit new workers wherever he sees fit. The preferential union shop specifies that union men will be hired as long as they are available, but that nonunion men may be employed if there is a shortage of union men. At the other extreme is the open shop, which in reality is the non-union or anti-union shop. Almost half of the 14,333,000 workers employed under union agreements during 1944 were covered by closed- and union-shop provisions.

The Maintenance-of-Membership Clause. During World War II, labor and management agreed to cooperate for the national interest. One of the items of agreement was with reference to the "maintenance-of-membership" clause. Under this provision union men agreed to work alongside nonunion men. The employer agreed that all workers who were members of the union at the time the contract was signed would have to remain in good standing in the union, or the employer would have to fire them. Failure to pay dues is a chief cause of the loss of "good standing." Any union worker could withdraw from the union within fifteen days after the contract was signed and yet he could remain at his job. However, no withdrawals could occur after this grace period without loss of the job. This provision was helpful in maintaining peace in many troublesome areas during this period.

The Check-Off. If the union can secure some kind of union security clause in its contract it usually requests a corresponding "check-off" of union dues for the members of the union. Under this provision the employer deducts the monthly dues and assessments from the workers' pay and transfers the funds to the union treasury. This adds some clerical expense to the employer, but it is not a heavy burden, since payroll deduction plans have already been established for such things as income taxes, Social Security contributions, and savings bonds. The check-off tends to promote more cordial labor-management relations, since its acceptance by the employer indicates that he grants full recognition to the union and that he is not opposed to having the union made more secure by the automatic collection of the dues. Anti-union employers, of course, are reluctant to aid unions in any manner, and therefore strongly resist the use of the check-off.

Wage Provisions. Wage scales occupy an important place in the contract. All classes and grades of workers covered by the agreement are specified, with a definite rate for each class. In large industries the union attempts to see that all workers doing similar work receive the same pay scales. During the war years, when unions made great strides, a close examination of the pay scales in some of the large firms showed that workers doing similar work were often given different classifications and different rates of pay. As far as possible these situations are eliminated in the contract. One method of doing this has been to analyze and describe each job or task. Jobs with similar descriptions receive the same scale.

The unions in the mass-production industries have to establish rates for numerous kinds of workers. They must take account of existing rate differentials for various kinds of work in which varying degrees of skill and training are required. Rates for comparable work in other industries are also considered. With bargaining taking place on a national scale it is to be expected that virtually uniform scales for the same kind of work are found throughout the nation. Employers in each section of the country are interested in knowing what wages their competitors have to pay.

Rates for beginners are specified, as well as progressive rates as the workers become more skilled. After a stated length of time, or upon the passing of a test of skill, the worker is entitled to the full scale. Rates of pay for overtime, Saturdays, Sundays, and legal holidays are also specified. Generally, overtime and Saturday work require time and one-half, and work on Sundays and legal holidays requires double-time pay. The basic reason for these penalty rates is to discourage working the men at these times.

Hours of Work. The hours of work are also part of the contract. The exact minute when work begins is indicated; the length of the work shift, when lunch occurs, and how long it lasts are also usually specified. In some cases the lunch period is paid as working time, as is the time required to change clothes before and after work. In the organized trades the standard work week is eight hours per day and five days per week, or forty hours. If multiple shifts exist, the contract stipulates when one ends and the next begins. On a three-shift schedule the hours usually are: (1) 12:01 A.M. to 8:00 A.M. for the first shift, known as the "graveyard" shift and usually paid 10 per cent above the standard scale; (2) 8:01 A.M. to 4:00 P.M. for the regular or standard shift; and (3) 4:01 P.M. to 12 midnight for the last shift, which usually gets 5 per cent above the scale.

Portal-to-Portal Pay. In recent years there has been considerable discussion and agitation concerning "portal-to-portal" pay. In many industries and business firms it is customary for the employee to punch the time clock the moment he sets foot on company property. He is paid, therefore, for time consumed in getting ready for his actual productive work. Likewise, at the end of the work day, he does not punch the time clock until he is ready to leave the company property. Such a worker may be said to receive portal-to-portal pay. In other industries this has not been the custom. A worker's time is not counted until he is actually on the spot ready for work. In the iron, steel, and coal industries it requires considerable time after the worker sets foot on company property before the worker reaches his work post. In the coal industry, particularly, the lost time was considerable, amounting to as much as one and a half hours daily. Recognition of the peculiar conditions of coal mining, plus a serious work stoppage, won for the miners their portal-to-portal pay.

Seniority. High on the list of workers' demands are adequate seniority rules. The union does not take any chances on this matter, and is not willing to trust the judgment or fairness of the foreman or other company representative. The contract is clear on the question of who is entitled to which job, who is entitled to the best vacation period, who is the last to be laid off and the first to be rehired, and who is in line for the next higher position when it opens. These are matters of serious concern for the workers, and each man's seniority right is definitely established. Where seniority is based only on length of service many undesirable situations arise. Management is limited in its search for new talent, and the younger workers often become discouraged and quit. In the more progressive unions some means, such as an ability test, is provided for giving only the older men who have the qualifications consideration for the higher positions. The insistence upon seniority rights indicates that workers feel that they have an interest in the firm over and beyond the wages they have received. With the worker wholly dependent upon his job for his living, and with the extra hardships imposed upon the older, less-flexible workers in the event of layoffs, it is little wonder that workers stake out claims to specific jobs and resist all encroachments upon these claims. Even in unorganized employments the workers have unwritten understandings as to seniority rights and promotion rights. Violations of these understandings, such as bringing in a friend or relative and making him superior to many workers in the office, are likely to have unfortunate effects upon the workers' morale.

It is recognized that such seniority rules tend to discourage the most efficient use of labor, and that they hamper the employer's freedom to run his business as he sees fit. The workers feel that these disadvantages to the employer are more than offset by other advantages to him and, especially, to the workers. Seniority provides simply an extra element of protection for workers; hence, they cannot be blamed for seeking it. Their combined strength in organization has made it possible for them to secure it.

Other Provisions. Under the term "working conditions" we find a multitude of detailed items that are not especially important individually but are very important taken together. They differ in detail from industry to industry, but they are all designed to protect the worker, maintain his dignity, and establish a decent place of work. Included are matters relating to discipline, size of work crews and work loads, working on nonunion materials, use of the union label and union bulletin boards, care and use of machinery, and how and by whom research and experimentation shall be carried on.

Matters relating to health and safety are also often included in contracts, even though such matters are covered by state legislation. The union insists that it be represented on any safety committees that are set up, and that it be considered in the determination of what is a fit and safe place in which to work. The condition and location of water fountains, rest rooms, and eating places are covered, as are ventilation and sunlight. Provisions for sickness or injuries are included, and these indicate the protection that will be afforded both in terms of medical and hospital care and of loss of wages.

When a contract is signed, industrial relations have only begun. The contract merely indicates the general rules under which management and labor agree to cooperate. It is the day-by-day operation of the agreement that is important; hence, every contract must set up permanent machinery for the interpretation and clarification of the contract and for handling the disputes and complaints which inevitably arise. Thus, provision is made for a shop steward, to whom the worker may complain. He is the duly authorized union representative to take complaints to the foreman. If the grievances can not be settled at this level (though in reality most of the complaints do not go beyond this level) procedures are established to take the complaint to higher levels. Ultimately, the national officials of the union and the top officials of the company may be involved, although only in serious disputes. Third parties may be called in to aid in the reaching of an agreement, and, in the case of the basic national industries, various governmental officials or agencies may be instructed by law to take part in negotiations when the parties directly concerned are not able to reach a settlement.

The concluding portions of a collective bargaining agreement indicate the duration of the contract, and set up the machinery for the reopening of negotiations for a new contract. Contracts generally run for one or two years, but provisions in the contract make possible the reopening of negotiations by either party under specified conditions. For example, if living costs rise beyond a certain figure, the contract may provide that the question of wage rates may be reopened. In most cases new contracts are negotiated and signed within the period established by the former contract. In times of economic uncertainty and rapid change, however, the renewal of contracts does not go so smoothly, and strikes are not uncommon.

THE SETTLEMENT OF GRIEVANCES

It is to the interest of both labor and management, as well as of the public, that industrial disputes be handled in such a way that production will not be interrupted. Work stoppages are costly to all concerned, and much of this cost can never be recovered. A day's lost labor can be made up only with difficulty. To insure continued production requires that adequate machinery be established to handle disputes as soon as they arise. When workers are assured that their interests will be adequately protected if they remain on the job, they are likely to remain on the job. This can be done simply by an agreement that, whatever the terms of the final agreement may be, they shall be made retroactive to the date the dispute arose or the negotiations began.

The statistics on strikes indicate the extent and cause of strikes. Such issues as wages, hours, recognition, and working conditions are listed as the main causes. Undoubtedly they will be the major causes of many strikes, but in a goodly number of cases this may not be true. It has been found that many serious disputes can be traced to relatively minor grievances that were not settled but were allowed to linger on and grow into major issues. The longer the time involved the more "gripes" and complaints occur until it becomes difficult to discover the original cause. That is why it is essential to set up simple and speedy machinery for the hearing and settling of disputes.

An employer can no longer look upon his workers as "hands" and treat them accordingly. The full development of political democracy has carried over into the economic sector, with workers insisting upon being treated as human beings and upon being given a role in the operation of their places of employment. Enlightened employers have long known that a satisfied and well-treated worker is a more efficient worker than an ill-treated and disgruntled worker.[3] Greater efficiency, of course, results in lower labor costs per unit of production. Thus, it becomes profitable for employers to provide voluntarily many of the conditions of work that labor had to fight for in former years. As one sees the modern factory being constructed, he cannot help being struck by the thought that many of the workers will be working in factories that are more sanitary and conducive to health than the homes in which they live. It seems that anything that soothes the worker and keeps him happy pays off in greater productivity. Many employers broadcast music throughout their establishments, having found that the workers produce more and are happier when the surroundings are made more pleasant.

Employers have also discovered that it pays them to educate their supervisory staffs with reference to the new developments in labor relations. Separate personnel departments, usually divorced from the operating branch of the business, have been established to handle labor problems. They must be consulted in the hiring, firing, and promotion of workers. These departments are usually skilled in handling human problems. The ways of the old dictatorial foreman are passé. Under the old regime a worker with a complaint could ill afford to air his complaint, because it usually meant a severe tongue-lashing from the foreman and a not too polite invitation to leave. Today the worker is urged to file his complaints. He is even asked to submit to the management his suggestions for improving the product or the methods in its manufacture. Convenient "suggestion" boxes are placed around the plant, and frequently some valuable ideas are obtained from them. With the improvement in labor-management relations has come a willingness on the part of the worker and the union to cooperate with management in cutting costs, improving the plant or the product, and generally promoting greater efficiency. Some unions, such as the Amalgamated Clothing Workers, have even loaned money to employers to enable them to stay in business and keep the union workers employed.

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[3] For a discussion on this point see F. J. Rothlisberger and W. J. Dickson, *Management and the Worker*, Harvard University Press, Cambridge, Mass.. 1943.

In order to encourage the airing of grievances as they arise, the worker is assured that he will not be penalized or discriminated against if he makes a complaint; moreover, the employer usually pays the regular wages for time consumed in making the complaint and attending any necessary hearings. Some may consider this pampering, but the more progressive employers have found that such procedures improve worker morale and pay off in dollars and cents. In time, the union representatives assume their share of the responsibility in promoting harmonious industrial relations. The union is not likely to push issues to the higher levels of adjustment unless there is a reasonable chance for success. The shop steward is not even inclined to consult with the foreman unless there is some reasonable basis for a worker's complaint. Many grievances exist largely in the worker's mind; but, whether they are real or imaginary, their effect upon the worker is the same. Hence it is important to make provision for persons to whom workers can talk. A sympathetic and understanding shop steward can often satisfy the worker by patiently listening to his tále of woe.

The Impartial Chairman. In industries with a background of harmonious relations with labor organizations the spirit of mutual trust and respect has been carried so far that outside interests are given the responsibility of making final disposition of disputes which can not be settled by the union and management. The "impartial chairman" or the arbitrator in the highly organized clothing industry is an example. Men who can command the respect of both parties are selected to be the arbitrators. The late Harry Hopkins held such a position in the New York City clothing industry, and is said to have been paid $25,000 per year. These are full-time jobs, and the salary is paid jointly by the union and management. In disputes, the verdict of the chairman is binding and is customarily accepted in good faith by both sides. His task is not only to settle disputes but also to help prevent them. He takes part in the contract negotiations and helps to interpret the provisions when misunderstandings arise.

Conciliation. The Federal government, as well as most of the industrial states, has a conciliation service which may be called upon in case of a deadlock in negotiations. The conciliator listens to both sides in an effort to identify the exact sources of dispute. He then offers proposals of a compromise nature which he thinks both sides may accept. In a majority of cases these proposals are the basis for the settlement of the dispute. To persons not directly involved in a labor dispute much of the bickering and stalling that seemingly characterize collective bargaining appear to be pointless. Prolonged strikes, which involve heavy wage and profit losses, could be avoided if both parties would accept at the outset the settlement which, everyone knows, they will eventually approve. If the settlement of all disputes were only so easy, life in general would be much less burdensome.

EMPLOYER REACTION TO ORGANIZED LABOR

In the discussion above we have assumed the acceptance by employers of labor unions and collective bargaining. Such has not always been the case, and even today a sizable proportion of employers have no use for either of them. In a profit-motivated economy such a reaction is to be expected, because the usual demands of unions cost the employer money. In addition, employers resent any infringement upon their assumed right to conduct their businesses as they see fit, whether the infringement comes from unions or from the government. The "rugged individualism" of many American employers does not require any outside "assistance" in the running of their plants. Only the passage of Federal legislation and the full economic strength of organized labor in the last two decades have forced the acceptance of collective bargaining by most employers.

Throughout the nineteenth century and the early twentieth, the employer group was able to assert its supremacy over labor unions. The courts lent their assistance to the employer, ruling at first that labor unions were criminal conspiracies. Later the legality of labor unions was established; but virtually all of the weapons of labor were held to be illegal when they were used to inflict damage upon the employer. It stands to reason that these weapons must inflict pressure or economic loss upon the employer if they are to have any effect on him. By securing injunctions from the courts the employer was able to render the union powerless. These injunctions are orders from a court telling a union or its officials that it must cease certain activities. Failure to abide by these orders renders those mentioned in the order in contempt of court and hence subject to severe punishment.

During World War I labor unions achieved remarkable membership gains, largely because employers could not prevent them. In the postwar period, however, the employers swung into determined action. The success of their attack can be seen in the fact that the membership of the AFL fell from 4,100,000 in 1919 to about 2,500,000 in 1932. The labor injunction was used with telling effect. Direct action of various sorts was successfully employed, as well as some effective indirect techniques, such as the "welfare offensive." This latter program was designed to strike potently at the source of union strength by giving or promising the workers more by way of benefits than the union could give, and without the payment of union dues. Profit-sharing and bonus plans were perfected, employee-representation organizations were set up, and numerous benefit programs were set in motion.

The Company Union. This period also witnessed a rapid growth of company unions. It was intensified in the years following the enactment of Section 7A of the National Industrial Recovery Act of 1933, when an unexpected wave of new bona-fide labor unions frightened the employer groups. Company unions are directly or indirectly initiated, sponsored, financed, and controlled by management. They are not accepted as bona-fide labor unions, being designed primarily to prevent the growth of independent unionism. They do open up avenues through which workers can make themselves heard, and many minor grievances have been settled under such organizations. However, they are generally not capable of genuine collective bargaining, because there is not present the element of independence which is essential in such negotiations. Under the National Labor Relations Act of 1935 company unions were essentially outlawed in industries subject to the Act.

Anti-Union Tactics of Employers. After several years of bitter strife between management and labor, Congress in 1936 ordered an investigation which brought to light the details of this strife.[4] The activities of antiunion employer associations were investigated in detail, with many startling disclosures being made. Such practices as "blacklisting," the hiring of strikebreaking detective agencies, the arming of company police and their special deputies, the use of "strong-arm" hoodlums and ex-convicts in disputes, the use of the labor spy and the bribery of union representatives were among those brought to light. The establishment of huge financial reserves and the close cooperation among the industrialists against unions were also revealed. It should be borne in mind that the practices mentioned above were not peculiar to the employer group. The unions, particularly in the period of organization, made full and effective use of corresponding tactics. The latter, however, have been more than adequately reported in the newspapers and other avenues of information, while the activities of the employer group have been rather effectively concealed. The owners of the media of communication have not been particularly friendly to the aspirations of organized labor, so it is not strange that they should bend their efforts toward defeating them.

The Blacklist. The blacklist had been a very effective weapon against union sympathizers and organizers, or "agitators," as they are often called. As soon as it became known that any worker was sympathetic to unions or was working to promote one his name would be added to the list of persons who were not to be hired by the cooperating employers. Such a person would lose his job and would find it virtually impossible to secure a similar job or any other kind of job in the same community, or even at times in the entire country. An elaborate, expensive, and highly effective system of espionage was employed to uncover union sympathizers. Suspected individuals were watched, followed, and spied upon as though they were criminals. Perhaps the most effective technique was that of "boring from within" the union. Company-paid spies were planted in the unions, and in numerous cases succeeded in being elected to important offices in the local unions. The favorite offices were corresponding secretary and financial secretary. Every member of the union was made known to the employer, as well as the full financial position and plans and strategy of the union. This information was used by the employer against the union with devastating success.

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[4] U. S. Senate, Committee on Education and Labor, *Violations of Free Speech and Rights of Labor*, 76th Congress, 1st Session, Senate Report 6, Washington, D. C., U. S. Government Printing Office, 1939.

Professional Strikebreakers. The use of professional strikebreakers had been customary. The evidence from the hearings by the La Follette Committee[5] showed that the expenditures for such services ran into tens of thousands of dollars annually for each of the larger firms employing them. The Pinkerton Detective Agency specialized in this kind of service. The "agents" were rounded up in the hoodlum territory of the larger cities, which was proper training ground for the jobs they were expected to perform. The terror, violence, and bloodshed that usually accompanied the use of such men in labor disputes mark one of the blackest pages in the history of American industrial relations. Federal law now prohibits the transportation of strikebreakers across state lines for use in labor disputes.

Company Police Systems. The use of company police and the indiscriminate deputizing of underworld characters and ex-convicts in labor disputes and union-smashing activities were also thoroughly exposed by the La Follette Committee. Events in "Bloody" Harlan County are a good example of how these private police systems operated. Harlan County, in the heart of the Kentucky coal-mining region, contained a strong and unified antiunion group of operators. The coal companies usually own the land above their coal veins, which means they own the homes, stores, hospitals and whatever else is needed in a coal-mining town. This land is the private property of the company, and any union organizer who dared set foot on this private property was considered a trespasser. There was always an "open season" on such trespassers, with the result that blood was shed quite frequently. Retaliation was to be expected, and invariably followed. It required extreme measures by the Federal government to establish Harlan County as a peaceful community. Some states have outlawed private police systems, so that employers must make use of the regular police or state troopers if their properties are endangered.

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[5] *Ibid.*

Antiunion Propaganda. In addition to these direct methods of combating unionism, employers have used a variety of indirect measures to accomplish the same purpose.[6] The use of antiunion propaganda has been extensive and effective. Organized labor is pictured as destructive of business prosperity, as violators of individual initiative and freedom, and as upholders of un-American doctrines and perpetrators of unpatriotic actions. Millions of dollars have been spent to foist these ideas on the public in newspapers, magazines, and textbooks, and in other ways. Acts of terrorism and violence are pointed up as examples of what unionism brings about.

When strikes are in progress, the employers attempt to sway public opinion and the workers against the unions. They point out the economic losses involved, the inconvenience to the public, and the hardships inflicted upon the wives and children of those who are involved in the work stoppage. "Citizens' Committees," organized and financed by the employer groups, often arise "spontaneously" and attempt to organize the general public and antiunion workers against those on strike. Back-to-work movements are started, in the hope that the strikes will be broken when large numbers of those on strike are convinced of the uselessness of further struggle. All the while, of course, the employer can usually rely upon the police and the courts to act in his behalf.

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[6] See Wilbert E. Moore, *Industrial Relations and the Social Order*, The Macmillan Co., New York, 1946, Ch. XIX.

LABOR UNION ABUSES

There are many union practices and techniques that are the subject of frequent and bitter attack. Some of these attacks can be justified, while others will not stand up under analysis. A discussion of three such items will suffice to show what is involved. They are: (1) jurisdictional disputes; (2) featherbedding; and (3) racketeering.

Jurisdictional Disputes. A jurisdictional dispute is one in which there is no conflict between management and labor but a conflict between rival unions. Two or more unions may claim jurisdiction over the same workers or over the same jobs. Frequently these disputes result in work stoppages which unfairly penalize the employer. Such strikes arouse the public and generally injure organized labor. The employer is an innocent, helpless victim. The more responsible labor leaders have tried to avoid such disputes, but without much success. The AFL has established four permanent departments in occupations which had been plagued by jurisdictional disputes, and cooperative action has erased many sources of conflict. Enough such sources have remained, however, to arouse so much resentment against them that they were outlawed by the Taft-Hartley law. Passing a law does not by itself solve a conflict; therefore some machinery will have to be established to settle these conflicts between unions. To persons not involved, jurisdictional strikes are indefensible; but they do indicate that a serious conflict exists and that an impasse has been reached. In desperation, a strike is called, but usually settles nothing.

Most jurisdictional disputes can be related to the worker's desire for security and his fear of losing his job. Union rivalry and jealousy are involved, too, as well as the ambition and greed of some labor leaders. There has been a long-standing dispute between carpenters and metal workers with reference to which should have jurisdiction over the installation of window frames. Window frames in the past were made entirely of wood, and naturally carpenters installed them. In time, however, window frames were also made from various metals, and the metal craft workers viewed the installation of metal window frames as their legitimate domain. Inevitable conflict arose, and it is not an easy matter to establish a formula which would keep both groups happy. It would seem that the insistence upon maintaining strict craft lines has been a major factor in promoting such disputes, so that some reorganization of the unions along industrial lines might reduce their number and severity.

Featherbedding. The term "featherbedding" is used rather loosely, but frequently, to describe union practices which appear to promote the creation of "soft" jobs for more workers than are actually needed. Originally the term was used in reference to certain practices of the railroad unions, such as defining a day's work in terms of mileage covered. At one time it was probably legitimate to say that a man had worked a day when his train had moved 120 miles. At an average speed of 15 miles per hour, which actually prevailed at one time, 120 miles represented 8 hours' time, and 8 hours were considered a regular day's work. But with greatly increased railroad speeds, 120 miles no longer represent 8 hours' time but considerably less than that. Once a rule is established, however, it is not easy to dislodge it, particularly when it favors the worker.

Many alleged featherbedding rules merely represent the workers' reply to attempts by some employers to speed up the tempo of the work. Many contracts now specify what a standard output should be, and many an overly ambitious worker has been "educated" to the wisdom of not exceeding the quota. As technology improves, these quotas become outmoded, to be sure, but where the union is consulted in the installation of new machinery it is usually not unwilling to revise its concept of a reasonable quota. Some wage adjustments, of course, are expected in the process.

One of the most widely publicized instances of alleged featherbedding is that which has developed in connection with the rules governing the use of union musicians by radio broadcasting studios. The opposition to some of these practices in some quarters became so pronounced that Congress passed the Lea Act making it illegal for any union to compel radio broadcasting stations to hire more workers than the management felt was necessary for their operation. The Supreme Court has upheld the constitutionality of the portions of the act which the union challenged in a test case. The union rules specified how many musicians were required to operate a broadcasting station, and this number had to be employed. Whether they were needed or used seemed to be immaterial. Any station which refused to accept these stipulations might soon be closed by a strike, and if the strike did not produce the desired effect, all broadcasting stations might soon be affected. Another troublesome rule concerned the compulsory payment to stand-by musicians and orchestras of their full regular scales if guest artists were hired for special performances. Payment for the mere presence of superfluous manpower is, to say the least, an uneconomical arrangement. Rules like these are subject to such obvious complaint and ridicule that they can not long be enforced.

An examination of the origin of such rules may be instructive in providing an explanation, though not necessarily a justification, of their use and enforcement. A professional musician generally is not steadily employed in the same manner, say, as a factory worker. He gets jobs here and there, with variable durations. He does not want anyone to reduce the amount of work available to him. He is particularly sensitive about mechanical devices which have the knack of reducing the demand for "live" music. He remembers all too painfully the tragedy of mass displacement and unemployment that followed the introduction of talking pictures. Out of this experience arose one of the most tightly-knit and strongest labor unions in America. Its president is given extensive powers so that he may discipline any "wayward" musicians or locals and see that all the men have jobs. It should be borne in mind that musicians, with their artistic temperaments and individualism, were once not considered to make good union material. Only severe economic pressure could make them strong union supporters.

A look under the surface reveals that what the musicians have done is typical of similar situations in other industries. When jobs are scarce, for whatever reason, the workers join together in defensive moves to hold on to their jobs at all costs. It is easy enough to say that no individual should impede social and economic progress, and that society is entitled to the benefits and use of all the latest technological advances. But for the individual affected it is an entirely different matter. Employers, too, take defensive measures against new products and processes which threaten to eliminate them. The workers' measures happen to be more readily observed and possibly more directly felt, but their economic effect is not essentially different from that of corresponding measures taken by employers. Anyone may be expected to try to avoid the loss of his job or his business. The general social gains of new technology can not be achieved without some loss to someone, somewhere. Unfortunately, society has shown no inclination to pay the costs or losses involved. Furthermore, the losses tend almost invariably to be concentrated upon a relatively few persons. The impending loss is all that is needed to arouse these persons to concerted action to protect their interests. The question of being "reasonable" about their protective measures does not seem to enter the picture. This helps to explain how it is possible for some rather ridiculous union rules to come into being. Probably the ultimate was reached when an elevator operator who had lost his job to an automatic escalator insisted that he be hired at full pay to press the button in the morning to start the escalator and press the button in the evening to stop it. Perhaps he felt that the millennium had come.

Union Racketeering. The subject of labor union racketeering must be examined carefully if we are to be fair in evaluating it. The term "racketeering" has been applied by union opponents to virtually all union activities which result in pressure upon the employer; but the laws, the courts, and the public generally do not accept this notion. It may be true that the employer can be hurt as much financially by a strike as by having to pay "protection" money to hoodlums in order to prevent damage to his property. He may well react as violently to the former as to the latter, but society has ruled that the first is legitimate while the second is illegal racketeering. There is no doubt that illegal racketeering can be found in a few labor unions, just as it can be found in other lines of activity. The underworld element takes advantage of any opportunity to make easy money, and certain labor union situations seem to have been made to order for the hoodlums. The ruthlessness of such individuals in "disposing" of objectors is usually sufficient to seal the lips of the workers or employers being intimidated. Even the national officers of the local unions find it difficult to dislodge the racketeering element without endangering the lives of many other persons. One by one, as the police are able to gather evidence that will stand up in a court of law, the hoodlums are ousted. Frequent and democratic elections, compulsory financial statements, and stricter supervision by the national officials are likely to reduce racketeering in labor unions to a minimum.

Conclusion. The spectacle of costly and violent labor disputes very likely is enough to influence those in other lands against the acceptance of a democratic society. They are generally not aware of the compelling advantages of such a society; for, with a wholly different background and experience, they are not in a position to appreciate the merits of our system. When people are allowed to think for themselves and are allowed to express their thoughts, we must expect differences to arise. When we establish a competitive system, we must expect that conflict will result. No sensible person feels that a free society can avoid disagreements. All that we can hope for is the peaceable and reasonable settlement of these disputes. With the stakes as high as they are we have to expect some unreasonable and unnecessary behavior. When we preach the virtues of individual initiative and competition, and when we tell the individual he is expected to look out for himself, we can expect the results that we have been getting. This does not mean that we have to sit back and accept whatever may result. The next chapter indicates the nature and scope of public or governmental action that has taken place in this connection.

TERMS TO BE UNDERSTOOD

supply of labor
non-competing wage groups
real wages
collective bargaining
craft union
industrial union
company union
strike
boycott
closed shop
closed union
union shop
maintenance of membership
"graveyard" shift
portal-to-portal pay
seniority
shop steward
arbitration
conciliation
impartial chairman
blacklist
jurisdictional dispute
featherbedding

QUESTIONS FOR DISCUSSION

1. "Labor unions would be unnecessary in a truly competitive economic system." Explain this statement.
2. Explain how it might be possible to have a shortage of labor in a period of mass unemployment.
3. "The area of collective bargaining on wages lies between the minimum for existence and the marginal productivity of labor." Explain and discuss this statement.
4. What are the basic differences between the CIO and the AFL? Which of these organizations in your opinion, is better equipped to meet the problems of a changing industrial order? Why?
5. Explain why, although they represent a minority of all workers, the organized workers dominate the field of industrial relations.
6. How can you explain the existence of "featherbedding"? What are some possible remedies for such situations?
7. Draw up a list of the important items which are likely to be found in a collective bargaining agreement.
8. Name four weapons used by employers in industrial disputes, and list the corresponding counter-weapons used by organized labor.
9. Are labor unions essential to a democracy? Defend your position.

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Chapter Twenty-two

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LABOR AND THE PUBLIC

Adam Smith urged a policy of laissez faire in economic activities. This means that government should not interfere in the private profit-making activities of individuals, but should rely upon "natural" economic law and the doctrine of "economic harmonies" to achieve the fullest and best economic development. Under the doctrine of "economic harmonies," it was argued that whatever was best for the individual in his profit-making activities was automatically the best for the society too. Economic and social reform were impeded for decades in England because of the acceptance of these notions by the ruling class. They gladly took to their hearts economic principles which lent theoretical support to their activities and position. It was this situation which impelled John Ruskin to label economics the "dismal science," because it offered no hope of improvement for the masses. The poor, it seemed, were doomed to permanent poverty.

No amount of economic theorizing can hide the existence of conditions that are unbearable in a civilized society, and sooner or later the public will assert itself. It will interfere with the operation of "natural" economic laws and legislate protection for itself. It will tell employers what they may and may not do with reference to their employees, and it will tell both groups what they must do in the public interest. Reliance upon competition and the decency of employers to establish reasonable conditions of work has long been abandoned.

Organized labor and various civic and humanitarian groups have led the fight for improvement by urging legislation upon state legislatures and Congress. The unions generally prefer to rely upon their own economic power to achieve their goals; but they have also made use of the legislative process to establish better conditions for all workers, unorganized as well as organized. In addition, they have tried to have laws enacted which would stabilize many of the conditions they had won by themselves, such as the eight-hour day and the right to organize. In recent years, the legislatures have tended to reverse the process and have imposed certain restrictions upon labor union activities.

The behavior of the courts must be considered in any discussion of labor and the public. Except for a brief period following the great court fight of 1936–7, the Supreme Court had followed an extremely narrow interpretation of the Constitution with reference to labor legislation. After heroic efforts by labor groups to accomplish reform by the passage of a law, the courts would wipe out the entire development by ruling that the Constitution did not permit such legislative action.

The field of labor legislation is tremendous in scope, and no complete examination of it is possible here. In an introductory general course, such an examination is not needed. Attention will be centered on a few of the more important topics of legislation, and emphasis will be placed upon Federal developments. Federal legislation tends to mirror what has happened in the various states, so that a study of the Federal developments will give a reasonably clear picture of the entire field.

Child-Labor Legislation. Legislation concerning the employment of under-age workers began early in our national history, taking place at the state level. The movement began with a law passed in Connecticut in 1813 regulating the education of employed children. But the movement on the whole did not progress rapidly during the nineteenth century, as evidenced by the fact that in 1899 only twenty-eight states had passed child-labor laws of any kind. In 1904, the National Child Labor Commission was organized, and its leadership soon had the support of scores of other socially minded organizations, such as women's clubs. The American Federation of Labor also co-operated. Today every state has some legislation affecting child labor, though some of the laws are very meager and very loosely enforced. The standards set up by the National Child Labor Commission have had a good influence on legislation; they are: minimum age of fourteen years for employment in manufacturing and of sixteen years in mining: maximum of eight hours a day; no night work; and documentary evidence of age.

Great impetus to the curtailment of child labor came from the Smith-Hughes Act, 1919, which gave the states financial aid for continuation schools and other kinds of vocational education. This support was contingent upon compulsory school attendance, which automatically cut down child labor in industry. It can readily be understood that school attendance laws must exist and be thoroughly administered if child labor laws are to be enforced.

There was a considerable amount of state legislation in the early 1900's, but the results of these laws were quite disappointing. The 1910 census showed that nearly 2,000,000 children, 18.4 per cent of the total, between the ages of 10 to 15 were gainfully employed in the United States.[1] Pressure to pass Federal legislation gained momentum, and in 1916 Congress passed a law[2] which forbade the transportation in interstate commerce of goods produced by children under 14 years of age. Both major political parties had endorsed this bill and it received the support of numerous organizations. In a test case, however, the Supreme Court, in June, 1918, ruled the act unconstitutional.[3] The court said that child labor was a purely local matter and that the act was an unwarranted extension of the power of Congress to regulate interstate commerce, and an invasion of the rights of the states. This decision by the Supreme Court apparently ran counter to public sentiment, for in the fall of the same year a new law was passed, placing a special 10 per cent tax on the net profits of companies in which children were employed contrary to the standards of the first Federal child-labor law.[4] In 1922 the court ruled that the second law was also unconstitutional, on the ground that the tax power of Congress was being used for an illegal purpose.

It was clear how the court felt about the matter, and that it would turn down any and all attempts to establish Federal regulation of child labor. The only step remaining was to try to amend the Constitution to give Congress the specific authority to legislate on the subject. This was done in June, 1924, when the child-labor amendment was submitted to the states for ratification. The proponents of the amendment looked for speedy ratification, but they were doomed to disappointment. The opposition was mobilized quickly and effectively. The National Association of Manufacturers, the cotton textile interests of North Carolina, and the American Farm Bureau Federation joined forces to defeat the amendment, and there sprang into existence to aid in the defeat such groups as the Citizens' Committee for the Protection of Our Homes and Children, the Sentinels of the Republic, and the Farmers States' Rights League, Inc.[5] So effective has been the opposition that the amendment is still pending. Perhaps its 16-year minimum for normal or nonhazardous occupations is too high. It would seem that of all the places where regulation could be justified, child labor should rank first; but the profit motive does strange things to employers and to many parents.

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[1] Fifteenth Census of the United States, Vol. 5, *Population*, p. 345.

[2] 39 Stat. L. 675, 1916.

[3] *Hammer* v. *Dagenhart*, 247 U. S. 251 (1918).

[4] See H. A. Millis and R. E. Montgomery, *Labor's Progress and Some Basic Labor Problems*, McGraw-Hill Book Co., New York, 1938, p. 444.

Recent Federal Developments on Child Labor. All hope of effective regulation of child labor is not gone, however, for considerable progress has been made without the amendment. Under the codes of the National Industrial Recovery Act of 1933, each industry was to include a provision in its code that the use of child labor constituted unfair competition. The entire NIRA was invalidated by the Supreme Court in 1935, but the child-labor provisions have been carried on in other legislation. The Walsh-Healey Public Contracts Act of 1936 specifies that on contracts in excess of $10,000 with any Federal government agency, the use of boys under 16 or girls under 18 is prohibited in the manufacture of goods. During the World War II period this provision assumed great importance because of the huge volume of government contracts. The Jones Sugar Act of 1937 denies government subsidy to any beet grower who has used the labor of children under 14, except where the children's parents own at least 40 per cent of the crop.

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[5] See J. R. Commons and Associates, *History of Labor in the United States*, Macmillan, New York, 1935, Vol. 3, pp. 443–450.

The Fair Labor Standards Act of 1938 contains a provision which forbids the employment of children under 16 in industries whose products enter interstate commerce. The age limit is 18 for industries which the Children's Bureau of the Department of Labor finds to be hazardous, such as coal mining. This act has been approved by the Supreme Court, so that control of child labor in industries engaged in interstate commerce is currently in force. The worst child-labor abuses, however, are found in industries not covered by this act, the purely local or intrastate occupations. Even with stronger school attendance laws and the passage of numerous state child-labor laws, there is still much to be done in eradicating this undesirable situation.

Wage-and-Hour Regulation. This movement began as an attempt to establish minimum wages for women, but when it developed fully it included both men and women and covered also the question of the hours of work. Around the turn of the century the large increase in vice and crime among women became a matter of deep public concern, especially in the larger industrial communities. Investigation showed that most of the increase was among the employed younger women, and that an important contributing factor was the low level of prevailing wages. As a step toward removing the economic causes responsible for women entering a life of vice, studies were made of living costs and the needs of self-supporting women. As a result of these studies, requests came to the state legislatures that laws be enacted to require the payment of "living wages" to women by industries subject to the jurisdiction of the respective states. Several states passed such laws, establishing minimums ranging from $1.25 a day to about $14 a week.

Legality of Wage-and-Hour Regulation. The constitutionality of such laws was soon challenged as violations of the right of free contract. Some professional women's organizations objected to special legislation which applied only to women. In 1917 the minimum-wage law of Oregon came before the Supreme Court and the court split 4–4. This left the ruling of the Oregon State Supreme Court in effect; and since this court had ruled in favor of this law, it meant that the legality of minimum-wage laws was established.

This led to the passage by 1923 of minimum-wage laws in fifteen states, the District of Columbia, and Puerto Rico. In 1923, however, the Supreme Court ruled that the District of Columbia law was invalid, and in subsequent cases the laws of the states were declared unconstitutional. The appointment of several new judges to the Supreme Court probably accounts for the reversal of opinion.

Renewed Wage-Hour Activity in the 1930's. The great depression of the 1930's brought the minimum-wage movement back into activity. The codes of fair competition under the NIRA contained both minimum-wage and maximum-hour provisions, and these applied to all workers in the industries covered. The states began to re-enact minimum-wage laws, and the dead-letter laws of other states began to be enforced. Once again, however, the Supreme Court intervened, ruling in the Schechter case of 1935 that the entire NIRA was unconstitutional. This, of course, cast doubt upon the validity of the various state laws. The doubt was removed in 1936, when the Court overruled the New York minimum-wage law, on the same general grounds as those specified in its Adkins decision of 1923. This decision, combined with similar decisions on most of the social and economic legislation of the New Deal, caused President Roosevelt to open his campaign to liberalize the Supreme Court.[6] While the President suffered a stinging defeat on his legislative proposals to "pack" the court, he did seem to attain his general objective. Beginning in early 1937, the Court began to reverse its opinions concerning social and economic reform legislation, and among the many important decisions upholding such legislation was the one in which the minimum-wage law of the state of Washington was upheld,[7] by the same 5–4 margin as had voided the New York law less than a year before. The same nine justices took part in both decisions. Justice Roberts had changed his position, and this switch meant that minimum-wage regulation was constitutional.

The Fair Labor Standards Act of 1938. The clearing of the legal barrier paved the way for the passage of the Fair Labor Standards

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[6] The details of this struggle will be discussed in *Chapter Thirty-four*, "The Judiciary," in Vol. II.

[7] *West Coast Hotel* v. *Parrish*, 300 U. S. 391, 1937.

Act of 1938. The bill had been smoldering for several years in Congress, and repeated attempts had been made to kill it, but it could not be held back, once the court ruled favorably on the state laws. The Act, known popularly as the Wage-and-Hour Law, provided an original minimum of 25 cents per hour, which became 40 cents an hour after several years. The basic work week was defined as forty hours, and work in excess of forty hours was to be paid for at the rate of time and one-half. Many of the new state laws followed the general pattern of the Federal law. The substantial rise in the price level and the cost of living following World War II emphasized the inadequacy of the 40-cent minimum wage. In October, 1949 the minimum wage was raised to 75 cents per hour, and indications were that attempts would be made to raise it to $1.00 per hour at a future session of Congress. Thus we find government acting in the role of collective bargaining agent for the mass of workers in the low-wage industries that have not been organized. The workers in the organized trades, on the other hand, rely on their own economic strength to establish pay scales far above those found in the minimum-wage laws.

Protection against Accidents and Injuries. The advent of the factory system and the introduction of fast-moving machinery in industry multiplied the risks to the worker many times. Commensurate improvements to protect the worker were not forthcoming for many years. If a worker received an injury in the course of his employment, he had a right under the common law to sue the employer to recover damages. If he dared to sue, he very likely lost his job. If he sued and won a favorable verdict, he very likely would not be awarded large damages, and a goodly percentage of his award would be needed to pay legal expenses. His chances of winning a suit were rather slim, because the courts recognized three defenses on the part of the employer: (1) assumption of risk; (2) the fellow-servant rule; and (3) contributory negligence. Under the first defense the courts held that certain risks were inherent in certain jobs, and so long as an employer had taken reasonable or customary precautions to prevent such accidents, he was not liable for damages if a worker were injured. For example, one of the "normal" risks in coal mining involves the falling of rocks from above and the crushing of the miner. If one of these risks materialized for a worker, it was "just too bad." The employer out of generosity might make a cash payment to the survivors, but this was not compulsory. The second rule exempted the employer from damages if he could show that some other worker was responsible for the accident or injury to a worker; and the third rule exempted the employer if the worker himself was to blame. The net result was that, almost invariably, the worker and his family had to endure all of the costs involved in the death or injury of a worker; and in most cases this meant severe hardship.

Workmen's Compensation Legislation. After almost a half century of continuous struggle, the state legislatures recognized the inequity of this situation, and, following the upholding of the Federal law of 1908 which established such protection for federal employees, the states began to enact general workmen's compensation laws. Every state except Mississippi now has such a law. The question of who is to blame in an accident is now considered irrelevant. It is assumed that no one intentionally causes accidents, that all serious injuries are compensable, and that the financial responsibility should be charged to the employer. The employer adds such costs to his other costs of production and passes them on to the consumer. The states generally allow the employer to take out private insurance to cover such responsibility, and the procedures for filing claims are simplified and standardized to minimize the red tape involved in such cases. The laws usually specify that in the event of injury the worker is to receive 50 to 60 per cent of his basic pay for a certain number of weeks, depending on the nature of the injury and the part of the anatomy that may have been impaired or removed as a result of an accident. There is a limit to the weekly benefit, which reduces the payments to higher-paid employees. While there may be advantage in establishing uniformity in payments, the laws take no account of differences in economic value to the individual of the loss of, say, a finger or an arm. The loss of the forefinger to a night watchman may have no effect on his future earning power, while the loss of the corresponding finger to a skilled surgeon might mean the end of his career as a surgeon. The schedule of payments in most cases is too low and of too short duration, and the provisions in the event of total and permanent disability are wholly inadequate. It is not unlikely that the Social Security Act will be amended in the near future to establish more adequate and more uniform coverage on a nation-wide basis.

Safety Campaigns. One of the wholesome developments of the workmen's compensation laws has been the inducement it has given employers to reduce accidents. If an employer can expect a monetary saving by reducing the frequency and severity of accidents and injuries, he is likely to take the necessary steps to achieve this result. Big "safety first" campaigns, the focusing of technological skill upon making machinery safe, and the efforts of the governmental agencies involved, all have aided in reducing greatly this industrial evil. The annual toll in dead and maimed is still huge, but we appear to be making some degree of progress. The enforcement of existing laws, however, could be much improved. Favoritism and politics still play too large a role in the enforcement procedure. The tragic coal-mine disasters that periodically take place emphasize the need for better-qualified personnel in the enforcement of the state laws dealing with safety.

Occupational Diseases. A relatively recent development which illustrates the slowness with which we adjust to new hazards in industry is the case of the so-called occupational diseases. The courts and the laws thought of injuries in terms of broken arms or legs, or lost eyes, or some other easily observable consequence. They did not consider the question of diseases. It is not always easy to determine whether a disease contracted by a worker is attributable to the particular occupation in which he is engaged. But, through investigations conducted by the United States Bureau of Labor, it is definitely known that in several hundred occupations workers face the risk of contracting diseases peculiar to those trades. C. R. Daugherty's[8] grouping of occupations where diseases are hazardous is approximately as follows:

(1) The dusty trades are: Iron and steel plants; foundries for the grinding and polishing of metals; coal mines, quarries, glass

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[8] C. R. Daugherty, *Labor Problems in American Industry,* Houghton Mifflin Co., Boston, 1936, pp. 109–110.

plants; cotton, tobacco, and flour mills; mercury and lead industries. Inhalation of dust irritates or scars the tissues of the lungs, and leads to pneumonia, tuberculosis, anthracosis (from coal dust), or silicosis (from silica dust prevalent in anthracite mines). Dusts from mercury, lead, or tobacco are chemically absorbed and often result in deadly types of poisoning.

(2) The poisonous trades, other than dusty, are metal and chemical industries, where substances like lead, zinc, mercury, arsenic, and benzol are absorbed by inhalation or through the skin. Plumbism from lead poisoning, "hatter's shakes" from exposure to mercury used in processing felt hats, necrosis (eating away of bones, liver, or other organs) from phosphorus, are some of the most fatal diseases. White phosphorus, formerly used in the manufacture of matches, has been banned through the Federal power to regulate imports and exports. Lead for paints and other deadly substances should also be controlled.

(3) Some occupations may produce germ diseases such as anthrax from animal products used in tanneries or hookworm from the parasite common in coal mines.

(4) Some occupations may produce skin infections such as dermatitis from contact with irritating acids or oils, or infection, usually fatal, from radioactive substances, such as are used in painting luminous watch dials.

Other occupational groups include those involving extremes in temperature, such as lacquer and glass factories; those involving work in compressed or rarefied atmospheres, or artificial humidity, such as lacquer and glass factories, tunnel work or diving, weaving of textiles. Many other industries which are conducive to various diseases might be added to this list.

The legislatures have been slow to add these diseases to the list of compensable injuries, but there is little doubt that continued pressure will produce substantial progress in the future. Periodic physical examinations for workers in the affected industries can do much to reduce the number and severity of such cases, and laws compelling protective measures against them must be enacted and enforced. In the strongly organized industries such safety and precautionary measures are often included in the collective bargaining agreements. The more enlightened employers have learned that the most efficient way to operate their plants is to protect the health and working efficiency of their workers. In the long run, it costs less to spend money on protective and preventive measures than to endure the losses of inefficient operations and the costs of accidents, injuries, and deaths. The improvement in worker morale and the reduction of human suffering and economic privation are weighty advantages for the worker, his family, and society in general.

LABOR'S RIGHT TO ORGANIZE AND BARGAIN COLLECTIVELY

Like most of the priceless rights and privileges of citizens in a democratic society, the right of workmen to organize into unions for their mutual benefit had to be fought for by many individuals over a long period of time. The right to organize, except for certain public servants, such as the police, is now fully recognized in law. In addition, the employer must now recognize unions and must bargain with them. His former tendency to use any and all measures to destroy the union is severely restricted.

Early English Background. The legal status of unions in this country was patterned closely after the developments in England. The owner-employer class in England exerted its economic and political power to pass legislation aimed to prevent combinations of workers. Beginning in the sixteenth century, and culminating in 1800, there appeared a series of laws known as the "Combination Acts." It was the specific purpose of each one of these acts to make illegal any cooperative action, on the part of any group of workers or employers, designed to change existing standards of wages or prices.[9] While the acts applied to employers as well as workers, they were not enforced against employers. The final act in the series provided that no association of workers should make any effort to (1) raise the wages of any group, (2) decrease the usual hours of employment per day or per week, (3) encourage workers to join a movement aimed at securing these ends, (4) deter workmen from accepting employment or remaining at work on account of unsatisfactory conditions of employment, (5) try to prevent employers from hiring any workman or class of workers, (6) hold any meeting for the purpose of organizing workers for these or similar ends, (7) issue invitations to workers to combine, or (8) collect funds to further the program of any such combinations. Taking part in joint action for any of these purposes was made a criminal offense. The record shows that organized labor suffered greatly under these laws. The position of the employer group was so powerful that the full authority of the government was used to prevent any interference with the operation of "natural" economic laws.

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[9] Dale Yoder, *Labor Economics and Labor Problems*, McGraw-Hill Book Co., New York, 1939, p. 472.

There were two aspects to the conspiracy doctrine which the courts had recognized. The first was criminal conspiracy, conviction of which resulted in imprisonment. This aspect of the doctrine has declined in importance over the years, but the second aspect, known as civil conspiracy, has persisted. Under the latter, fines have been levied against unions for financial losses incurred by business because of strikes or other union activity.

There was a strong, unfavorable reaction to the Combination Acts, and by 1825 these were repealed. New laws gave legal sanction to unions organized for legal purposes. The development of representative government gave political power to the workers, and in due time they were able to strengthen the legal position of their unions. The common law, however, continued to be invoked to protect the employer and make union activity more difficult. The Trade-Union Act of 1871 and the Trades Disputes Act of 1906 removed most of the legal barriers to unions, and thenceforth organized labor in England was able to develop and exert its full economic strength. When this power was applied to politics, it gave the labor groups the right to form the British government on several occasions.

The Sherman Act of 1890. In this country, progress was somewhat slower for the worker. The Sherman Antitrust Act of 1890, which had been designed to restrain industrial monopolies, was applied by the courts to the activities of labor unions. As soon as unions exerted pressure which hurt the employer, the employer would go to the courts and seek relief. The courts obliged by holding that the antitrust act applied, that unions were illegal combinations when they restrained trade, and that the employer could sue for triple damages. On more than one occasion triple damages were assessed against unions and their members, individually and collectively.[10] Since a union is generally not effective unless it can hurt the employer's business, virtually all of its activities in a dispute tend to restrain trade.

The Clayton Act of 1914. The liberal application of this idea by the courts caused union leaders to seek legal protection from its application, and this appeared to have been won in the Clayton Act of 1914. This act specifically approved the right of workers to organize for their mutual assistance, and stated that such organizations were not to be considered conspiracies subject to the antitrust laws. The use of injunctions in labor disputes was also restricted.

The new legislation, however, did not improve labor's position. The opposition of the employers and the courts seemed to grow, and labor felt the force of the antitrust laws and the courts' injunctive powers even more than before the act was passed. It was in the 1920's that labor suffered most from the application of the antitrust laws to labor union activities. Boycotting and picketing were severely limited in a number of cases,[11] with the result that virtually all of the effective weapons of organized labor were outlawed. The courts appeared to be willing partners in organized industry's attempt to crush labor unions in the post-World War I period.

Yellow-Dog Contracts. An effective weapon used by employers against labor unions was the "yellow-dog" contract, so called by labor because only a "yellow dog" would ask a worker to sign one. As a condition of employment a worker would be asked to sign a statement that he did not belong to a labor union and that he would not help to form one or join one while in the employ of this firm. This gave the employer the right to fire any worker who joined a union or took any action in behalf of one. It was also a powerful tool in keeping outside organizers from attempting to establish a union. In the Hitchman Coal case[12] the Supreme Court upheld the legality of such contracts when it upheld a lower court injunction which forbade the United Mine Workers of America to attempt organization at a mine where such contracts had been signed.

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[10] See e.g., the Danbury Hatters' case of 1908, *Loewe vs. Lawlor*, 208 U. S. 274.

[11] *Duplex Printing Co.* vs. *Deering*, 254 U. S. 349 (1921); *Bedford Cut Stone Co.* vs. *Journeymen Stone Cutters' Ass'n.*, 274 U. S. 37 (1927).

The Injunction in Labor Disputes. In most of the cases mentioned above, the activities of unions were made ineffective by the use of court injunctions. These injunctions were orders issued by courts telling the unions what they could or could not do in specific labor disputes. For the most part, they were granted to employers merely at their request, without any examination of the facts in the dispute. Injunctions had been used for many years to protect property and to prevent irreparable damage from being inflicted upon one's person or property. Any citizen could request such legal protection, and if his request was reasonable, the court would grant the injunction. In the matter of labor disputes the courts, at both the state and Federal levels, seldom refused an employer's request for an injunction; and as time passed, it seemed that the injunctions became broader in their scope, until, in some cases, the unions and their leaders were enjoined from practically all activity in connection with a dispute.[13] In several cases the judges forbade even discussion of the dispute in question by the union officials.

The Norris-LaGuardia Anti-Injunction Act of 1932. Union leaders became convinced that they could never attain the legitimate aims and objectives of labor organization unless the courts were restricted in their use of the injunctive power. Many others also felt that the law was being unfairly applied to only one group, and that some semblance of equality before the law had to be restored. The combined efforts of workers and their friends finally resulted in state and Federal legislation which set up some reasonable standards to be followed in such cases. The most important enactment was the Federal Anti-Injunction Law, signed by President Hoover in 1932.[14] This act declared that workers had the right to organize and bargain collectively through representatives of their own choice and that yellow-dog contracts were contrary to public policy. It placed severe limitations upon the granting of injunctions by the Federal courts. It required that both parties had to be heard before permanent injunctions could be granted and that the courts could enjoin only those specific acts of which there were complaints. Injunctions were not to be issued against the normal and peaceable activities connected with industrial disputes, and both the unions and their officers were relieved of liability for unlawful acts of union members. Many of the industrial states passed similar laws.

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[12] 245 U. S. 229 (1917).

[13] Felix Frankfurter and Nathan Greene, *The Labor Injunction*, The Macmillan Co., New York, 1930.

Recent Developments. Without question these and other laws, which will be described presently, gave labor unions a tremendous boost in their organizational rights and activities. Labor in general rose to a high position under the New Deal. While the Federal courts were unsympathetic to the legislation of the early New Deal, a sharp reversal took place early in 1937, following President Roosevelt's attack upon the "horse-and-buggy" philosophy of the United States Supreme Court. The full story of this fight will be told elsewhere, in Volume II, but it should be mentioned here that the Court reversed its former antiunion position and gave sanction to the various labor laws passed under the New Deal. The new court virtually exempted unions from the application of the antitrust laws, except where unions conspired with producers to monopolize markets. So complete was this exemption that Congress felt impelled to pass special laws to restrain certain union activities which could not be curtailed under existing laws. One of these laws was the Lea Act, or the "Anti-Petrillo" Act, as it was popularly known, which forbade unions from requiring broadcasting stations to hire more musicians than the studio manager felt were necessary.

Another was the Taft-Hartley Act of 1947. This omnibus labor law will be described in more detail below, but at this point mention may be made of the fact that it enabled a wider use of the injunction in labor disputes, and that this provision has been made use of with telling effect in several important national labor disputes.

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[14] Public Law No. 65, 72nd Congress, 1st Session, 1932.

LABOR ORGANIZATION SINCE 1932

The year 1932 marks the turning point in the degree of public acceptance of labor's objectives and procedures. Whether labor's gains will be permanent remains to be seen; but there can be no doubt that great strides have been made under the Norris-LaGuardia Act, the National Industrial Recovery Act of 1933, and the National Labor Relations Act of 1935.

The National Industrial Recovery Act of 1933. When President Roosevelt assumed office in March of 1933, the country was in a state of economic collapse. Banks were failing, homes were being foreclosed, unemployment reached dangerous proportions, and national production was at its lowest point in modern decades. Drastic action seemed to be in order, and it came soon in a series of Federal laws which were known as the "New Deal." One of these laws attempted to revive business by permitting organized industry to work out codes of fair competition under the National Industrial Recovery Act of 1933. All major industries worked out their own codes, and if they received the President's approval, they became the law of the land. They included provisions concerning rates of pay and hours of work. Before this act was passed, organized labor had tried to get Congress to pass a 30-hour week bill as a means of spreading employment and restoring prosperity. For a time it appeared that such a bill might pass. Organized industry was opposed to such a bill, however, and in its place it offered its own plan, the codes of fair competition. In order to win labor to its plan and to induce it to drop the 30-hour week bill, industry inserted Section 7a of the NIRA. With this provision, labor lent its support to the passage of the National Industrial Recovery Act.

Section 7a of the NIRA. Section 7a looked much like the declaration of public policy of the Norris-LaGuardia Act. It required that each code of fair competition include a provision that "employees shall have the right to organize and to bargain collectively through representatives of their own choosing, and shall be free from interference, restraint, or coercion of employers . . . in the designation of such representatives . . . ."[15]

It is difficult to say what the employer group expected from this provision, but it is safe to say that it got more than it bargained for. The combination of general industrial unrest, the depression, the specific legislative statement of labor's rights, and a determined organizing movement by the unions resulted in a tremendous increase in the number of organized workers. This alarmed the employer group, and it fought back by sponsoring company unions and trying to dislodge the new independent unions by every device known to industrial warfare. The full story is told in the La Follette Committee reports.[16] Industries which up to this time had successfully opposed the introduction of labor unions now moved toward unionization. The mass-production industries became virtual bee hives of union activity. The automobile, steel, aluminum, rubber, chemical, electrical, radio, meatpacking, and other important industries soon had their own unions, with most of them affiliated with the aggressive Congress of Industrial Organizations (CIO).

The constitutionality of the labor provisions of the NIRA was never established, because in 1935 the Supreme Court ruled the entire act invalid, on the ground that Congress had illegally delegated its law-making power to the President. There is little doubt, on the basis of its rulings on other New Deal laws, that the Supreme Court would have voided the labor provisions of the NIRA if they had come up for consideration.

The National Labor Relations Act of 1935. Any doubts of constitutionality did not seem to bother the proponents of collective bargaining. Within a few months of the *Schechter* decision[17] voiding the NIRA, Congress passed the National Labor Relations Act,[18] popularly called the Wagner Act, which virtually duplicated the language of Section 7a. In addition, certain unfair labor practices were forbidden to employers:[19]

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[15] 48 Stat. 195; 15 U. S. C 703.

[16] Reports of the Senate Committee on Education and Labor, 74th, 75th, and 76th Congresses, pursuant to S. Res. 266 (74th Congress), U. S. Government Printing Office, Washington, D. C., 1937–1939.

[17] 295 U. S. 495, 1935.

[18] 49 Stat. 449, 1945.

> (1) They must not interfere with, restrain, or coerce employees in the exercise of their right to self-organization, to form or join labor organizations, to bargain collectively through representatives of their own choosing.
>
> (2) They must not dominate or interfere with the formation or administration of any labor organization or contribute to the financial or other support of it.
>
> (3) They must not discriminate in hiring, discharge, or any condition of employment to encourage or discourage membership in any labor organization.
>
> (4) They must not discharge or otherwise discriminate against employees who file charges or give testimony under the Act.
>
> (5) They must not refuse to bargain collectively with representatives of employees designated in accordance with the Act.

It is interesting to examine the basis upon which Congress thought it had the power to enact such a law. Almost invariably, in cases involving social and labor legislation, the Supreme Court would rule that Congress had no power under the Constitution to enact such legislation. By an expansion of its constitutional power to regulate interstate commerce Congress sought to justify this enactment. Section 1 of the Act states:[20]

> It is hereby declared to be the policy of the United States to eliminate the causes of certain substantial obstructions to the free flow of commerce and to mitigate and eliminate these obstructions when they have occurred by encouraging the practice and procedure of collective bargaining and by protecting the exercise by workers of full freedom of association, self-organization, and designation of representatives of their own choosing, for the purpose of negotiating the terms and conditions of their employment or other mutual aid or protection.

There was considerable doubt concerning the constitutionality of the Wagner Act. The employer groups felt it would not be upheld by the Supreme Court. One national employers' association informed its members that, on the advice of its lawyers, the act was unconstitutional and that therefore the member employers should not obey the law. The widespread violation of the provisions of the act, particularly in the automobile and steel industries, left little doubt as to how the large employers felt about it. Such opposition resulted in numerous and serious labor disputes, with unions engaging in the spectacular sit-down strikes in an effort to bring employers to terms. The slowness of the court procedures worked to the advantage of the supporters of the law. The final disposition of the cases challenging the act was not made until April, 1937, and the Supreme Court startled the nation by ruling 5–4 in favor of the act. This decision, plus several others relating to social and labor matters, indicated a complete reversal of the thinking of the majority of the court. This was the fruit of President Roosevelt's ill-fated attempt to "pack" the court with "sympathetic" judges.

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[19] *Ibid.*, Section 8. [20] *Ibid.*, Section 1.

The National Labor Relations Board. The enforcement of the NLRA was entrusted to a newly established National Labor Relations Board. No board had been entrusted with a more difficult task in such a controversial field. However, if we may judge by the extent to which its findings have been upheld on appeal to the United States Supreme Court, the Board did a respectable job in interpreting and enforcing the act. It had the task of determining the appropriate units for collective bargaining and deciding which unions were entitled to represent the workers in the respective plants. It had to examine thousands of complaints regarding unfair labor practices by employers. Charting a course in unknown waters was no easy task, and it was to be expected that some of the actions of the Board would arouse opposition from various quarters. It was accused by employers of being biased in favor of the unions; it was accused by the American Federation of Labor of being biased in favor of the Congress of Industrial Organizations, and vice versa.

Many persons felt that the law was too biased in labor's favor. A reading of the law will show that Congress felt that labor was in a poor bargaining position, that most of the power was in the hands of the employer, and that Congress intended to correct this situation. The national experience since 1935 would seem to indicate that this correction had been made; in fact, many felt that too great a correction had taken place, and that many employers were at the mercy of huge and powerful national unions. The frequent and costly nationwide strikes that took place in the years after 1940, and the inability of the government to settle them except by government seizure, led many to believe that some new legislation was required to bring industrial harmony and peace to the nation. Before going into this matter, however, mention should first be made of the special action taken during the World War II years in the labor-management field.

WARTIME REGULATION OF INDUSTRIAL RELATIONS

The large orders for war equipment and supplies placed with American industry by foreign powers, plus the impending participation of the United States in the world conflict in late 1940 and early 1941, resulted in a substantial increase in the demand for American products. Productive capacity was greatly enlarged, and the national output increased beyond the hopes of the most optimistic leaders in labor, business, and government. The experience during World War I indicated that special measures would have to be taken to maintain full production during the prewar months, and particularly after we became active participants in the war. The normal collective-bargaining procedures involve too many costly interruptions in production, so that some means had to be found to continue production while disputes were being settled.

The National Defense Mediation Board. President Roosevelt established the National Defense Mediation Board in March, 1941. It consisted of three public representatives, four management representatives, and four labor representatives. Its jurisdiction covered cases which "threaten to burden or obstruct the production or transportation of equipment or materials essential to national defense." The Board became involved in disputes only after all other means of settlement had failed. It relied on public opinion and the good faith of labor and management to enforce its decisions and recommendations. The Board lost most of its effectiveness after several important union officials resigned from the Board in protest following the Board's refusal to grant a union shop in the Captive Coal Mine Case.

The National War Labor Board. Pearl Harbor required some new approaches to the problems of production and industrial harmony. On December 17, 1941, President Roosevelt called a labor-industry conference to aid him in formulating a workable national labor policy. Out of the conference came the National War Labor Board, whose job it was to settle all disputes "which might interrupt work which contributes to the effective prosecution of the war."[21] The job of the Board was considerably expanded when it was assigned the task of stabilizing wages as an inflation control in October, 1942. The National Board consisted of twelve members, four each from labor, management, and the public. Twelve Regional Boards in important areas were established on a similar basis to assist in the handling of cases.

Most disputes and wage cases were settled at the regional level, but contested cases and cases involving the national interest were taken to the National Board. The rulings of the Board were merely recommendations, but in most cases they were accepted by the parties in dispute. Under the War Labor Disputes Act of 1943 the President was given the power to seize and operate any productive facilities in which there was an actual or threatened work stoppage which might impede the war effort. In several important cases involving major industries the President took control of the industries when the "cooling-off" period provided by the act (popularly called the Smith-Connally Act) failed to fulfill its expected function.

The Board established a number of important policies which became guiding principles in the settlement of the tens of thousands of cases that came before it and its subordinate agencies. To settle disputes involving union security the Board developed the "maintenance of membership clause," which, in effect, sought to maintain whatever conditions the union had been able to secure up to the time of the dispute. It urged the fullest use of the regular collective bargaining procedures, and in many cases it instituted arbitration as the final means of settling disputes. The full power of the government was used only in emergency situations, for it was recognized that voluntary acceptance would secure better results than compulsion. In cases involving racial discrimination, the Board sought to make effective the general principles of the fair employment practices committees.

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[21] *Summary of Decisions of the National War Labor Board,* I, Washington, D. C., January 12, 1942, to February 15, 1943, p. 1.

The continued rise in prices and the cost of living resulted in numerous demands by unions for wage increases. The Board attempted to raise substandard wages and to remove wage inequities, but it also sought to place reasonable limits on wage rates as part of the anti-inflation program. The 15 per cent wage increase granted in the Little Steel Case became the pattern for the settlement of other wage cases. This increase was granted in order to compensate for the rise in the cost of living that had taken place from January, 1941, to the time of the dispute. On the basis of this relationship between wages and cost of living, the unions pressed for further wage rises as the war progressed. In the immediate postwar period new wage increases were again granted on this basis, and in a few important collective bargaining contracts provisions were inserted for the reopening of the wage agreements if the cost of living index changed beyond specified limits.

While the 15 per cent rule was followed in theory for most of the war and early postwar period, the Board actually permitted many "fringe" adjustments which kept the 15 per cent rule intact while giving to workers the larger "take-home" pay requested. Under this setup, paid vacations for all workers became commonplace, the upgrading of workers made it possible to keep scarce and valuable employees from taking jobs elsewhere, overtime became the rule rather than the exception, and the issue of portal-to-portal pay was resolved in labor's favor in the nation's coal mines. These adjustments without doubt made it possible to keep work stoppages at a minimum, and they were probably justified as wartime expedients. However, workers are not inclined to pay much attention to how they achieved desirable conditions of work, and they feel that once they have them they are "standard" and should not be questioned. The employer group, on the other hand, is not inclined to agree with this view. Following the ending of the war, numerous strikes resulted from management's refusal to renew contracts, the terms of which were concluded during the war emergency. In many respects the antiunion crusade of the early 1920's seemed to be returning to the industrial scene. The Taft-Hartley Act of 1947 seemed to have marked a return to political power of the employer group, with the result that labor will have to struggle to maintain its wartime gains.

THE TAFT-HARTLEY ACT OF 1947

Background. After several years of experience with the National Labor Relations Act, attempts were made in Congress to amend the act in order to reduce somewhat the power of the Board and to specify in more detail what its functions should be. Employer groups felt that the law discriminated unfairly against them, and they sought protection against certain labor union abuses. As long as Franklin D. Roosevelt was President no action was successful in this connection. After Roosevelt's death the Republican party increased its strength in Congress to the point of taking majority control of both houses. The new Congress took up immediately the problem of amending the Wagner Act. Extended hearings were conducted by the respective committees in Congress. The testimony at these hearings was supplied chiefly by employers and their associations. Their complaints were numerous and covered the whole range of industrial relations problems.

A large segment of the public appeared to favor some changes in the law. It had tired of the successive strikes in the major industries. Some labor unions and labor leaders abused the power they possessed. Radical elements in a few unions caused considerable concern among the general public. Many labor leaders themselves felt some amendments were in order, but they could not agree on the nature of these changes. The bill, as it finally passed in Congress, drew the immediate fire of most labor leaders. It included a wide range of subject matter. It seemed to remove many hard-won gains of labor, and the unions charged that it would destroy the very foundations of organized labor. President Truman vetoed the bill, but Congress would not be denied. It promptly passed the bill over his veto, and many of the provisions became effective on June 23, 1947.

Provisions. No attempt will be made here to examine in detail the numerous provisions of the Act. Attention will be centered on some of the more controversial provisions and those that established new or altered public policies in union-management relations.

The Closed Shop. The closed shop was made illegal in industries covered by the Federal law. This provision was most bitterly resented by the older unions because the closed shop had been a fairly general element in their contracts. The closed shop had been looked upon as the ultimate objective of any labor union, because it gave the union complete control of the shop. Under the closed shop only union men could be hired; under the new law the employer could seek new employees anywhere he saw fit.

The Union Shop. The law did permit the union shop, which is the closest thing to the closed shop. Under it, the employer could seek new employees anywhere, but after the usual waiting period the new employees would have to become members of the union. In the older unions where the union shop or closed shop had been attained, it would not be difficult to secure the votes necessary to get the union-shop clause in the collective-bargaining agreement. However, the law specified certain conditions which had to be met before a union could seek a union-security clause. The union (1) must file detailed information with the Secretary of Labor concerning its internal organization and procedures; (2) must file financial statements with the Secretary of Labor and make certain that all of its own members had received the same report; (3) must make certain that the national unions with which it is affiliated had met conditions 1 and 2; (4) must have its officers and the officers of its international sign and file non-Communist affidavits.

If a union met these requirements, the reorganized National Labor Relations Board would consider its request to be certified as the legal collective-bargaining agent for the plant. To be certified, the union must have received the vote of over half the workers in the plant. Formerly a union needed to secure only one more than half the votes of these voting. Under the Taft-Hartley Act it had to receive a majority of the eligible vote. This appears to have been a new conception of majority rule.

Having been duly certified as the collective bargaining agent, a union could then petition the board for a special election to secure a union-security clause. Thirty per cent of the union membership must have approved this request, and a majority of the members of the union must have approved the idea in the special election. The clause could be for a union shop or for maintenance-of-membership. Under the latter, nonunion men might work in the plant, while those in the union had to maintain their membership during the life of the agreement.

Meeting all of the foregoing requirements still did not provide a union-security clause. It merely authorized the union to make the request of the employer, who could refuse if he chose. The union could then engage in a legal strike to enforce its claim.

The Check-Off. The deduction of union dues from the worker's pay had been a customary feature of union-shop and closed-shop agreements. Special assessments and fines were also deducted. The new law permitted the check-off for union dues only, and only for those workers who had given written permission for the deduction.

The Right Not to Belong to a Union. Under the old law, attention was given to the worker's right to belong to a union. The new law also made that assertion, but it added that there was an equal right of the worker not to belong to a union if he so desired and it gave him the full protection of the law. Many people felt that a man should not be required to join a union against his will as a condition of holding his job. The worker in the union under a union-security clause might be expelled from the union only for nonpayment of dues; but even then the employer was not required to discharge the worker as he had been formerly.

Company Unions. Company unions were virtually outlawed under the Wagner Act; the new law removed this prohibition in large measure. The Board was required to treat company unions and affiliated unions in the same way for election purposes. There is some disagreement concerning the nature of company unions. Unions affiliated with other unions are prone to label independent unions as "company unions." Generally speaking, the term "company union" is used to designate unions which have been aided in any way by the employer.

Unfair Labor Practices by Unions. The Wagner Act specified unfair labor practices on the part of employers only; the new law included such practices by unions as well. It was deemed an unfair labor practice for a union "to restrain or coerce" a worker in the exercise of his right to join or not to join a union and bargain collectively. It was considered an unfair labor practice for a union to cause an employer to discriminate against a worker for nonmembership in a union, unless there was a legal union-security clause. Limitations were also placed upon labor's use, in certain areas, of the strike and boycott which in the past had been quite effective. The secondary boycott, under which a union sought to prevent its members or its employer from doing business with another employer, was called an unfair labor practice. The same designation was applied to jurisdictional strikes, in which two or more unions tied up an employer because of difficulties they were having with each other. Any union which had been granted a union-security clause could not charge excessive initiation fees; and finally, it was regarded as an unfair labor practice for unions to engage in so-called "featherbedding" activities. Generally speaking, these activities refer to situations in which the employer is asked to hire or pay for more men than he needs or uses on a job.

The Cooling-Off Period. In the hope that it might prevent or reduce the severity of strikes, the new law provided a cooling-off period before a strike could be legally called by a union. During this period, which varied in length, depending on the particular circumstances, attempts were to be made to settle the issues involved. The new Federal Mediation and Conciliation Service was to be notified and used in the attempt to reach a settlement. Undoubtedly much good might be accomplished by such a cooling-off period, if genuine attempts were made and satisfactory procedures were available to settle the issues. The cooling-off period by itself did not prevent strikes, as we have learned since the passage of the Act.

The Use of Injunction. The Labor Board or the Attorney General of the United States might seek injunctions to prevent the continuance of any unfair labor practices of unions which were listed above or to prevent similar practices on the part of employers. Perhaps the most important use of the injunction arose in the cases of an actual or threatened strike affecting an entire industry or a substantial portion of it. If the President determined that the situation fell into this category, he was empowered to set up a Board of Inquiry. After he received a report from this Board he could ask the Attorney General to request an injunction from a Federal court. If the injunction were granted, the employers and the unions had to bend every effort to settle their differences with the assistance of the Federal Mediation Service. This injunctive power was used with telling effect in two large work stoppages in the coal industry. What its success in these cases means for the future of the injunction remains to be seen, but there is little doubt as to its effectiveness up to date.

Restrictions on Political Activities of Unions. Historically, labor unions have been cautious in their political activities. Since the middle 1930's, and especially under the CIO, political activity has assumed an increasingly important role in American unions. Many congressmen whose records on labor matters did not please organized labor did not appreciate having their records publicized widely in the union press; nor did they appreciate the contribution of money by unions to defeat them in elections. An attempt to control, if not to eliminate, such activities was made in the Taft-Hartley Act. Under it, it was unlawful for any labor union to make a contribution or expenditure in connection with any election to a Federal political office. It was also unlawful for a labor union to publish the voting records of members of Congress in its regularly distributed newspapers during the course of a political campaign.

Unions have circumvented the financial limitations by setting up independent organizations which perform the political tasks at hand. It would seem that there will be as little success in curbing the financial expenditures of unions for political activity as there has been in curbing similar expenditures by business corporations. The merits of such limitations may be argued in theory; in practice they would appear to be unenforceable.

The restrictions on the union press would appear to have been one of the weakest sections of the law, as far as constitutionality is concerned. In recent years the Supreme Court has taken a firm stand in defense of free speech and a free press. In a case involving a political article in a CIO newspaper, which deliberately violated this provision to test its legality, the Supreme Court in June, 1948, upheld the newspaper's right to print the article.

THE CHANGING POLITICAL SCENE

The election of a Republican Congress in the fall of 1946 seemed to bring to an end the dominance of organized labor in the economic life of the nation and to re-establish the dominance of the employer group. The passage of the Taft-Hartley Act over the strenuous opposition of labor and President Truman was evidence of the shift in the balance of power. It seemed to be taken for granted in almost all quarters that the employer group would continue in its former dominant role and that organized labor would be put on the defensive, trying to hold at all costs whatever gains had been achieved since 1932.

In the face of almost certain defeat, President Truman and organized labor made a determined effort to reverse the tide in the 1948 elections. The results are now history. The Republican Congress was replaced by a Democratic Congress, and one of the first tasks to be undertaken was the re-examination of the Federal labor policy. There is no doubt that changes will be made in that policy. It is not likely that the Taft-Hartley Act will be discarded completely, nor is it likely that the Wagner Act will be restored as a whole.

It is interesting to note the broadening of the legislative objectives of organized labor following President Truman's re-election in 1948. While it is true that labor has long had an interest in social and welfare legislation, it is only recently that it has taken a strong public position in behalf of such proposals. Early in 1949 both the American Federation of Labor and the Congress of Industrial Organizations went on record in support of a broad legislative program, including: (1) repeal of the Taft-Hartley Act and the re-enactment of the Wagner Act; (2) an anti-inflation program, with emphasis on lowering prices; (3) housing legislation, along the lines of the Taft-Ellender-Wagner Bill; (4) civil rights legislation, including action on lynching, poll taxes, fair employment practices, elimination of segregation in the military services, and home rule for the District of Columbia; (5) improving the

Wage-Hour Law, with an ultimate minimum wage of $1.00 an hour; (6) strengthening and broadening of the social security program; (7) enactment of an adequate national health insurance program; (8) Federal aid to education; (9) restoration and strengthening of the United States Department of Labor; (10) adjustment of veterans' benefits; (11) support of TVA and other public power and river valley developments; (12) a farm program "geared to a full economy"; and (13) extension of authority to negotiate reciprocal trade agreements with foreign nations.

Labor is confident of its political strength at the moment, but the return to power of the employer group for the life of the 80th Congress has had a sobering effect on the union group. Relatively small shifts in public sentiment can reverse the position of either side in short order. Both sides must take into account the reaction of the general public to their programs and policies. In too many cases the public has suffered from the excesses of labor or management or both.

Conclusion. This brief discussion of the relationship of labor to the public indicates that there is no fixed pattern which is being followed. The changing economic scene and the shifts of political sentiment and power have their full effect upon the nature of this relationship. Some generalizations, however, may be in order. It would seem that what society is trying to do in this field is to establish a framework within which the functions of the economy can be fulfilled under conditions acceptable to both labor and management. It is recognized that as long as we have freedom of thought, expression, and association and a free economic system, there will be conflicts between labor and management. We can not eliminate these conflicts merely by passing laws, yet we do not want to suffer the economic dislocations which are caused by them. All we can hope to do is establish the machinery to help solve the particular disputes as they arise. The details of these disputes will change from time to time, but an effective machinery can adjust to these changes.

In addition to setting up the appropriate machinery, such as the National Labor Relations Board and the Federal Mediation and Conciliation Service, we must establish the rules and regulations to be followed by these agencies. Our national experience in labor relations has been such that we are not fully agreed as to the respective "rights" and "obligations" of labor and management. We are in the process of defining these rights and responsibilities. Management contended that the Wagner Act gave labor too many rights and too few responsibilities. Labor charged that the Taft-Hartley Act destroyed many of labor's rights, and gave the employer, with the help of the government, too much power over the unions. Out of these charges and counter-charges there will eventually emerge definitions of the respective rights of each group which will be acceptable to both of them and to the general public as well. These definitions must also find expression in law, and must be accorded full recognition by the courts.

The right to organize, to bargain collectively, to strike, to picket, etc.—all of these are part of the present industrial scene, yet we can not state precisely what each one means without reference to who is engaging in the practice, where, and under what conditions. Just as the right to speak freely and to think and worship freely have required centuries of struggle before they were generally recognized, so the rights of labor will have to be established. The newer rights of labor will not be accepted overnight either, because in the main they are likely to involve some reduction in the rights or power of the management group. Those that seem reasonable and necessary to most people, and which will permit the continuation of the basic human and political rights of men in a free democratic society, are likely to gain acceptance. Those that rest upon oppression, unfair economic or political power, or other undemocratic bases, are not likely to survive in the long run. It has been wisely said that political freedom and democracy can not endure without economic freedom and democracy.

TERMS TO BE UNDERSTOOD

assumption-of-risk doctrine
fellow-servant rule
contributory-negligence doctrine
workmen's compensation
occupational disease
Combination Acts
"yellow-dog" contract
injunction
NIRA
"Section 7a"
"fringe adjustments"
check-off

QUESTIONS FOR DISCUSSION

1. How did the Supreme Court affect the development of labor legislation?
2. List the methods that have been employed to keep under-age children out of employment.
3. Trace the legal history of labor's right to organize and bargain collectively. What is the present status of this right?
4. It has been said that the government acts as the collective bargaining agent for low-wage workers. What does this mean? Illustrate.
5. Explain how compulsory workmen's compensation has tended to reduce industrial accidents.
6. Trace the development of the use of injunctions in labor disputes since 1890. What is the attitude concerning the use of the injunction in labor disputes of: (a) employers; (b) unions; (c) the public?
7. How does the regulation of labor in wartime differ from that in peacetime?
8. "The Wagner Act was pro-labor and the Taft-Hartley Act was pro-management." Do you agree with this statement? Why or why not? Should labor laws be pro-anybody?

FOR FURTHER STUDY

Consult the references listed at the end of *Chapter Twenty-one* as well as:

Brooks, R. R. R., *When Labor Organizes*, New Haven, Yale University Press, 1937.

Mertz, H. W., *Labor Policy of the Federal Government*, Washington, D. C., Brookings Institution, 1945.

For an extended bibliography on all aspects of labor unions and labor problems the student is referred to *A Trade Union Library*, published by the Industrial Relations Section, Princeton University, Princeton, New Jersey.

Chapter Twenty-three

AGRICULTURE

The farm area of the United States includes almost exactly half of the nation's total land area. It is, with the possible exception of Soviet Russia's, the richest and most varied agricultural region of the world. Yet the farmers of the nation have had more than their fair share of difficulties and depression. These difficulties are the concern of the entire country; what affects the farmers affects eventually the whole population.

The only adequate solutions of the farmers' problems must apparently be found on a national scale. These problems, along with the various measures which the Federal government has taken to improve the lot of the rural population, cannot be properly discussed, however, without first considering the history and development of American farming.

Early American Farming. In 1740 over 90 per cent of the nation's gainfully occupied persons were engaged in agriculture. Although there were differences in farming from state to state, everywhere the methods were crude and wasteful. There had been little change in crops, methods, or implements since the first settlers arrived in the New World. The American farmer did not readily adopt even the scientific, crop-rotation system which had been making headway in England. Livestock was wretchedly treated and deteriorated rapidly on the frontier. The reasons for this backwardness were two—scarcity of labor and a limitless supply of cheap and fertile land.

Throughout the northern states in the earliest days of the Republic, subsistence farming was the rule. The typical farm was small, averaging about 100 acres in New England. Farming was highly diversified, and each state, indeed each farm, was almost self-sufficient. The middle states had developed an export trade of some importance in wheat, flour, and packed meat, but poor transportation facilities prevented this from growing to large proportions.

Commercial agriculture was highly developed in the South even in Colonial times. So profitable had been the growing of tobacco in Virginia that strict regulations were enforced to insure the production of enough food crops for local use. Rice and indigo were raised in the Carolinas for export. The dominant type of farm in the South, though not the most numerous, was the large plantation. The one-crop system, which rapidly wore out the land, was firmly established, and by the end of the Colonial period Negro slavery was the principal source of plantation labor.

The Rise of Commercial Farming. Improvements in transportation, the opening of the West, and the rise in farm prices during the last decade of the eighteenth century greatly stimulated agricultural production. New crops, such as sugar cane, hemp, and flax were being grown. The most significant development of the period, however, was the rise of cotton-growing for export. The invention of the cotton gin made it possible for America to supply the sharply increased demands of the English textile mills. As early as 1803, ten short years after the invention, tobacco was surpassed by cotton as our principal export crop. Cotton remained "king" in the South down to the Civil War; by 1860 over a billion pounds were being produced annually.

It was not only in the South, however, that commercial farming supplanted subsistence agriculture in the period before the Civil War. The railroads had penetrated to the prairie states of the Great Lakes region and were carrying two-thirds of the country's internal trade. By 1860 the five states of the old Northwest Territory were producing half of the nation's wheat. The farms of this area could grow grain and pork so economically that the Atlantic states largely gave up the production of these staples and turned to market gardening, fruit raising, and dairying. The proximity of rapidly growing industrial centers made the production of such specialized perishable food profitable to the Eastern farmer.

The Civil War gave a great impetus to the development of

Northern agriculture, and production increased throughout the conflict. Not only were there great armies to feed, but England and France needed Northern wheat, which they could get—as well as Southern cotton, which they could not. Over 600,000 new farms were established between 1860 and 1870. The liberal provisions of the Homestead Act, passed in 1862, resulted in the very rapid settlement of the more desirable farming lands of the West. In the half century after 1860 over 500,000,000 acres were added to cultivation, and the number of farms increased from 2,000,000 to 6,000,000. Eventually, with the passing of the frontier, the expansion in acreage slowed down, and the farm population and number of farms reached and passed their peaks; but this was not until mechanization and consequent overproduction had brought about an almost chronic state of agrarian distress.

Mechanization of Farming. Attention has been called in *Chapter Five* ("Technology") to the ways in which new tools, machines, and processes affect the national economy and modify ways of life. Agriculture furnishes some of the most spectacular examples of technological change. The process has been a long one, as farmers turned from hand tools to animal-powered machines to the internal combustion engine.

In 1790 the American farmer's tools were not very much better than those of the Egyptians 6,000 years before. The hoe, the spade, the sickle, the wooden fork, and the threshing flail were still in use and were powered by human muscles. Oxen painfully struggled before the massive wooden plows, the awkward wooden harrows, and crude carts for hauling loads. Not until the 1820's were horse-drawn cultivators and rakes introduced, and it was about this time that the iron plow came into general use after long resistance on the ground that it would poison the soil.

The half century after 1830 saw an almost complete revolution in farm work, by which horse and mule power were substituted for man power. Most important for wheat-growing was the invention of harvesting machinery, because the amount of grain that can be successfully raised depends on the amount that can be harvested after ripening but before spoiling. The Hussey and McCormick reapers, patented in 1833 and 1834 respectively, replaced the old hand cradle and almost doubled the amount of wheat that could be harvested in a given time. The Marsh harvester, patented in 1858, again doubled the existing speed, and the Appleby twine binder multiplied this new speed by eight.

Wheat-harvesting furnishes the most spectacular example of agricultural mechanization, but other crops and other farm operations benefited by similar advances. The disk harrow, the disk plow, the straddle row cultivator, and a wide variety of other improvements came into general use before the nineteenth century closed. Steam power replaced animal power to only a slight extent, but the modern tractor brought about another revolution in agricultural methods in the past generation. By 1920 enough tractors were in use that the census takers noted a decline in the number of horses and mules. It is estimated that 60 per cent of the farms of suitable size were using tractors by 1940. In the five years after that there was a further increase of 57 per cent in the number of farm tractors.[1] Just as the McCormick reaper was credited with making possible a Union victory in the Civil War, so the farm tractor played its essential part in World War II.

The end of agricultural mechanization is not yet in sight. It is quite possible that, over the years, the newly invented cotton picker will have as profound effects on Southern economy as did the famous invention of Eli Whitney. Already introduced on large plantations, it is said to save 3 cents to 5 cents a pound in comparison with hand picking. These same large plantations are using tractors instead of mules to prepare the soil and to plant and cultivate the cotton. They are using airplanes to dust the crop with insecticides, to plant soil-building legumes which are later plowed under, and to spread chemicals which cause the leaves of the cotton plant to drop off at picking time. Serious experimentation is being carried forward on a flame thrower which destroys weeds without affecting the growth of the cotton plant. The combined effect of these mechanical improvements in method can be of tremendous significance to the entire South and, because of resultant population shifts, to the entire nation.

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[1] Louis J. Ducoff and Margaret Jarman Hagood, "Trends in Agricultural Employment," *Monthly Labor Review*, December, 1947, pp. 649–653.

Overproduction and Disaster. We have seen how the period of the Civil War was one of increasing production and prosperity for the northern farmer. Indeed, except for two bad crop failures and two brief panics, American agriculture had enjoyed prosperity for a generation previous to that war. Not long after the struggle was over, however, the great expansion of manpower, machines, and land brought about disastrous overproduction. Between 1867 and 1868 the price of corn fell from 57 to 32 cents a bushel; wheat from $1.45 to 78 cents. The agricultural depression lasted for thirty years. Farmers could not pay back the money they had borrowed to purchase machinery. In some states over half the farm land was mortgaged. The time came when it was cheaper to burn corn than to ship the corn to market and buy coal.

The period from 1897 to 1919 was a relatively prosperous era for the American farmer. The years 1909–1914 are frequently cited as the brief interval in which his income was in proper relationship to the income of other workers. With the beginning of World War I, the farmer again entered a cycle of boom and bust. Before America entered the war, the demands of the Allied nations had sent the price of wheat from 65 cents to $2.40 a bushel. Prices guaranteed by the Federal government increased wheat planting from a prewar 48,000,000 acres to 74,000,000 acres at the war's end. Other products also increased in amount and price. The crash came in 1920; within a year the value of farm products was back almost to the 1914 level. But the prices of things the farmer had to buy did not recede to this level. The cost of his farm machinery, the principal and interest on his mortgage, the taxes on his land, remained high.

The depression years of the 1930's have been called an era, not of overproduction, but of underconsumption. In any case, the farmers could and did produce more than could be purchased and consumed with profit to them. The efforts of the government to control production in this period will be described in another section of this chapter.

Agrarian Uprisings. The desperate plight of the farmer in the late nineteenth century resulted in organized agitation for relief. There had been agricultural organizations in this country for many years, but their efforts were primarily local until after the Civil War. The Patrons of Husbandry, founded in 1867, set out to provide educational benefits and social activities for its members. But from its inception, the belligerent farmers rallied to the local lodges or "Granges" to seek legislative action against the railroads that carried their produce to market, the bankers who held mortgages on their farms, and the merchants and commission men who sold them supplies and distributed their products. The "Granger" legislation was most successful against the railroads, striking at such abuses as unreasonable rates, discrimination between shippers and between shipping points, and the granting of free passes. These state laws prepared the way for the Interstate Commerce Act of 1887. A few purchasing agencies for farmers were established; these were forerunners of the farm cooperatives of later years. Perhaps the most valuable outcome of the Granger movement was the establishment of the fact that the traditionally individualistic farmers could act together.

The distressed farmers next gave their support to the Greenback political party, organized in 1874. Although the party advocated many reforms, its principal program was currency inflation. The farmers were interested in this project because higher prices would enable them more easily to pay off their debts, which had been contracted in a time of high prices. The party reached its highest peak in 1878 when it cast over 1,000,000 votes and sent fifteen representatives to Congress. Although the party dwindled away, the agitation for cheap money continued, and the silver purchase acts of 1878 and 1890 were the result of organized inflationary sentiment.

The farmers were again the chief support of the Populist party, which polled a large vote in 1892 and exerted a decisive influence later on the Democratic party. The campaign of 1896, in which Bryan bore the free-silver standard, was the last one in which farmers as a group took aggressive political action on a national scale. Farmers have for brief periods been successful with the Non-Partisan League in state politics, or have formed uneasy alliances with labor to capture control of a state capitol. In general, however, the farmers have in recent years followed the practice of organized labor in this respect. They have remained within the major parties, organized their own pressure groups, and "rewarded their friends and punished their enemies" at election time. The "farm bloc" of senators from agricultural states was a powerful group in the 1920's; and because of delay in congressional redistricting to conform to population shifts, the influence of farmers in the House of Representatives is disproportionately great.

It has not always been through the peaceful methods of the ballot box and the paid lobbyist that the farmer has made known his wishes. In 1933 there was rioting in connection with the auction sales of foreclosed farms. Prospective bidders were intimidated and a judge who sought to enforce the letter of the mortgage contract was threatened with lynching. Such incidents were widely reported, became known in Washington, and speeded the work of Congress in constructing a program of relief.

What had led the farmers to take the law into their own hands? What conditions brought about this alarming display of defiance? The farmers in 1933 were in debt about 8½ billion dollars, an amount equal to half the total value of farm land and buildings in the country. This debt had been largely incurred when farm products were worth four times as much as they were in the spring of 1933. Less than half of the farms were mortgaged, but many were mortgaged to over 100 per cent of their current value. The debt-free farmers might struggle along somehow as subsistence producers, but 3,000,000 others were not getting enough income to pay their taxes and the interest on their mortgages. The rural net income had dropped disastrously since the beginning of the depression, but even in the "good" year of 1929 the average income of farm dwellers was only 36 per cent of the national average. A form of livelihood meant to provide homes and a living for one-fourth of our population was prostrate.

PROBLEMS AND PALLIATIVES

The farm crisis of the 1930's was only the latest, and probably not the last, of a long series. The Federal government, in attempting to solve the farmers' problems, showed great boldness and willingness to experiment. For proper perspective, however, it will be necessary to consider some of the persisting problems of agriculture, which neither began nor ended with the Great Depression.

Farm Credit. In early Colonial days it was the English merchants and traders who extended credit to commercial farmers in America. Large mercantile establishments in London maintained colonial agents who supplied the planters with their needs and entered the charges on the company books. The security for these loans was the yet unharvested, or perhaps unplanted, crop. Risks were high, and the interest rates, or else the prices charged for goods and services, were also high. As the population moved westward, the merchants in the more settled East began assuming the banking functions of the English traders. In these days the chief demand was for short- and intermediate-term credit. So long as free land continued, the long-term loan for buying a farm was not popular.

Throughout the later Colonial period the land bank idea was popular, whether under private or public auspices. Paper money was issued for use during a specified period of time on the security of farm mortgages. After the adoption of the Federal Constitution, the state bank became a source of credit to the farmers; many charters of these institutions required that a certain percentage of the available funds be loaned to farmers. The demands for agricultural credit have been blamed for the financial panic of 1819, which brought the Second Bank of the United States to the point of bankruptcy. Reckless issuance of paper money by the banks, resultant inflation, and a wild period of land speculation brought on the panic of 1837. When a national banking system was established in 1863, the national banks were forbidden to lend money on real-estate mortgages, and paper money issued by state banks was taxed out of existence.

In place of long-term loans from national banks, the farmers after the Civil War secured funds from the agents of eastern capitalists. Fees, commissions, and interest rates were high and the farmers' resentment was correspondingly high. Life-insurance companies also invested large amounts of money in farm mortgages.

The restriction against the acceptance of mortgage loans by national banks was modified by the Federal Reserve Act of 1913.

But this was not enough to satisfy the credit demands of the farmers. Three years later came the Federal Farm Loan Act, which set up twelve Federal Land Banks in strategic parts of the country. Associated with each Federal Land Bank are numerous farm-loan associations. These are cooperative organizations; a loan committee of the association makes the initial appraisal of the property of the applicant. The Federal Land Banks secure their funds by marketing their bonds in the regular channels. There cannot be a spread of more than 1 per cent between the bond rate and the rate charged the farmer. In any case the rate may be no more than 6 per cent. If a farmer does not qualify for a long-term loan under the land bank system, he may apply to the Federal Farm Mortgage Corporation, or the Farmers' Home Administration, which are authorized by law to extend even more liberal terms in certain cases.

For intermediate-term loans, the farmer may now go to a Federal Intermediate Credit Bank, with its "production credit associations," its livestock-loan associations, and other affiliates. Here he may, if he has good credit, obtain a loan for a period up to three years at as little as 2 per cent.

For short-term credit, farmers make extensive use of commercial banks, store credit, and installment buying of equipment. The Federal government has established special facilities even for this type of credit. Cotton growers, especially, have held crops in storage and used them as security for loans from the Commodity Credit Corporation. Since Congress may dictate the price at which the stored crop shall be appraised for loan purposes, this amounts to a form of price control.

The farmer now has ample credit facilities. For more than a decade the average annual mortgage interest rate has been less than 5 per cent. But it should be realized that easy credit is not enough. Many of the government credit facilities were available in 1933 to no purpose. And credit can be too easy to get, resulting in overexpansion of production. Concern has been expressed that much of the still-existing 5 billion dollars of farm mortgages debt may have been contracted in the purchase of overpriced land.

Price Control. According to a Utopian view of farming as a way of life, the earnest patron of husbandry should like farming so well that he would stick to it no matter how small his reward in earnings. He should love the land itself, enjoy to the full the open air and the freedom, revel in the pleasure of helping living things to grow. But in our money economy these rewards are not enough. Farmers can get along with smaller cash incomes than city folk, but not wholly without incomes. The disproportion between farm and city incomes is one of long standing. In the past half century the farm population has had to take as little as one-fourth of its just share of the national income; only in 1918 and in the years since 1942 has farm income approached or reached one-half of its fair proportion. This means that the farmer has received prices for his products that did not give the average rural dweller an adequate standard of living.

Increasing supply of agricultural products, coincident with generally decreasing demand, must inevitably result in a price drop. To remedy this condition, farmers appealed to Congress for help. In 1921, 1922, and 1930, they obtained a few tariff increases on their products. But only very small amounts of agricultural products are imported, and increased duties on manufactured products decreased the demand for what the farmers sold and increased the prices of articles that they bought.

In 1927 and 1928, Congress passed and the President vetoed bills which would have set up some form of subsidy intended to remove crop surpluses from the market without allowing them to drive prices down. These plans were criticized on the ground that they would have burdened American taxpayers and consumers for the benefit of a particular class. "Dumping" the surpluses abroad, for whatever they might bring, would surely have caused international ill-will and invited retaliation. The plan would doubtless have brought about increased production and increased surpluses to be cared for in some way.

In 1929 Congress created a Federal Farm Board, an agency for disposing of the persistent crop excess. The Board undertook to support the prices of cotton and wheat by buying up supplies and holding them off the market. It was planned that when prices had improved, these supplies would be gradually fed back into the market. The chief cause of the Board's rapid failure was that its machinery made no provision for compulsory production control. Surpluses and carry-overs increased and the farm situation grew steadily worse until 1933.

Since the beginning of the New Deal, the principal method of direct price control of agricultural products has been by "parity" payments. The idea was not a new one, but was first incorporated into legislation by the Agricultural Adjustment Act of 1933. The assumption is made that, at some period in the past, conditions were "normal," the relation between the farmer's selling price and production costs was equitable, and the farmer's income bore a suitable relationship to the income of other workers. The formula has been changed from time to time, but the Agricultural Adjustment Act of 1938 defined the formula on the basis of conditions prevailing in the five-year period between August, 1909, and July, 1914. When prices now go too low on certain crops, cash payments are made to farmers in amounts sufficient to bring the selling prices up to parity. The farmers who get these payments are thus assured of an exchange value for their products equal at least to that which existed during the base period. Parity payments have been denounced as class legislation; they have been defended as the equivalent for farmers of what the protective tariff is for American industry.

Production Control. We have seen how early schemes of price control bogged down through failure to enact production control. The Federal Farm Board itself declared that only through decreasing supplies would market prices be affected, but Congress had not given it this power. The question may be asked as to why the farmers themselves did not independently cut down on their production schedules. In answer, it should be pointed out that the production of each farmer is so small a part of the whole as to have no appreciable effect on the total supply. If he reduces his crop he reduces his own income without affecting existing prices. If a farmer ceases to operate his farm, moreover, certain of his expenses like taxes and interest would continue unchanged. Farmers are prone to talk about "going on strike" and getting even with the city dweller, but they do not follow through with appropriate action. If the price of corn is so low that it will not pay the cost of production, then the farmer may calculate that next year will be a good year to raise corn because the other farmers will have given up. But it is not unlikely that most farmers will arrive at this identical conclusion. Not only do farmers compete among themselves, but in a very real way they compete with city dwellers. Let good times come to agriculture, and a horde of urban residents moves out to take up unused land and turn a quick speculative profit.

It had become plain enough in 1933 that the individual farmer would not reduce output simply because he knew that he would profit if all reduced output. It was necessary to give the individual farmer a direct inducement to cut his production. By the Agricultural Adjustment Act of 1933, farmers were allowed to contract with the government to reduce acreage on designated surplus crops and receive benefit payments for the lands taken out of production. The money required to pay the bonuses was raised by "processing taxes" paid by the manufacturers who performed the first processing operation on the commodities in question. In order to get the program under way at once there was even some plowing under of crops already planted, and the killing of small pigs in order to restrict the production of pork.

No enactment of the New Deal was more savagely criticized than the crop-reduction program. The principal complaint was that the program was based on "a philosophy of scarcity." But scarcity is a relative term in our economy, and certainly farm products were not scarce enough in relation to other products. The plan had certain flaws in it. Some farmers, of course, would have nothing to do with the program. Others let the agreed-upon number of acres lie idle, but practiced intensive cultivation of their better acres and raised more than ever. Still other farmers turned promptly to the raising of crops not on the benefit program, and produced surpluses where there had been no surpluses before.

It is possible that the flaws in the 1933 program could have been removed in time, but the Supreme Court declared the Act unconstitutional in 1936. After two years of makeshift arrangements, the Second Agricultural Adjustment Act was passed in

1938. This comprehensive law continued the production-control program by inducing farmers to balance soil-depleting crops with soil-building crops, with each of these types of crops so defined that the products with chronic surpluses would be substantially reduced.

Crop Insurance. A new feature of the AAA of 1938 was the provision for crop insurance. This problem was closely allied to crop reduction, since it was argued that if farmers could be assured of a good crop every year, they would be less likely to produce so much. For they tend to produce all they can each year as a hedge against the uncertainties of weather and insect pests. The farmer became eligible for crop insurance of from half to three-fourths of the annual yield of his farm. The program applied only to wheat, but the plan was to extend it to other crops if the venture was successful. A farmer whose average wheat yield was 6,000 bushels and who was insured up to half of this amount might be so unlucky as to harvest only 1,500 bushels in one year. In this case he would receive an additional 1,500 bushels or the cash equivalent. One interesting feature of the plan was that crop-insurance premiums were to be paid in kind and stored until the authorities released them.

Consumer Subsidies. We have seen how the government sought to increase the income of the farmer by direct price manipulation and by production control. It is obvious that some consideration would sooner or later be given to the problem of demand. Not much could be accomplished during the 1930's to stimulate overseas demand, but an ingenious plan was adopted in 1938 to raise the purchasing power of low-income groups with reference to agricultural products. It is a safe assumption that one-third of American families had diets inadequate in some important way at this time. Ignorance and habit were partly to blame, but low incomes were the chief factor.

The Federal Food Stamp Plan was inaugurated as an aid to lower-income families. Any person receiving public assistance might buy a minimum of $1.00 worth of orange-colored stamps for each member of his family and exchange them for food at any grocery store. Those buying orange stamps were entitled to receive half again as many blue stamps free of charge. These blue stamps were acceptable at grocery stores but only for foods officially classified as "surplus." The primary purpose of the stamp plan was to increase purchasing power. The local relief agencies were not permitted to reduce their relief grants because of this form of aid. By a curiously roundabout process, the farmer with surplus crops was enabled to sell his product where it would do the most good.

EXPLOITATION OF RESOURCES

Much has been said about increased agricultural productivity. Measured in terms of production per man hour, this increase is very impressive. Measured in terms of *average* yield per acre, on the other hand, the record is disappointing. In spite of the efficient fertilizers developed by the chemists, the hybrid grains produced by the botanists, the crop rotation and farm management practices devised by the agronomists, the per acre yields of our major crops are approximately the same now as they were seventy-five years ago. The reasons for this dismaying fact are to be found in the reckless misuse of our soil and the squandering of our natural resources.

Soil Mining. The American farmer who plants the same crop year after year has been characterized as a "soil miner" because in effect he is annually extracting the valuable minerals from his land for sale. Plants use some fourteen chemical elements and their compounds, which they absorb, largely dissolved in water, through their roots. Only a trace of most of these is necessary, but three must be present in abundance in the thin layer of top-soil which nourishes growth: nitrogen, phosphoric acid, and potash. Every ton of corn grown removes about sixty pounds of these materials from the earth, and other commercial crops deplete the soil in similar amounts.

Persistent use of the one-crop system has been in part due to ignorance of its consequences. But crop rotation was known and practiced in England at a time when most of the settlers from that country arrived in the colonies. Nevertheless the early American farmers exploited the land until it was used up, then moved on to other fields and repeated the process. Our abundance of resources, plus a strong tendency toward individualism, caused us to believe that every man had the right to the unrestricted ownership of a piece of earth. We disposed of the public domain as speedily as possible. In the great task of subduing a wilderness, we gave little thought to preserving our heritage.

In an economy that took no heed for the morrow, the one-crop system proved the most economical practice. Certain special economic circumstances have fastened the system on some areas even after its dangers were appreciated. In the South, many cotton farmers would like to diversify and rotate their crops, but the merchants to whom they are in debt will not permit it. To protect store credit the unfortunate farmers must continue to raise the chief cash crop of the area. Again, tenancy and absentee ownership have increased short-sighted exploitation. Tenants get no reward for building up the soil they use; indeed, the result of improvement may be an increase in rent. The absentee owner is often interested in a quick or speculative profit rather than in building up a finer farm.

There was a time when it was thought necessary to allow land to lie fallow every third year in order to preserve its fertility. A better plan of crop rotation is to plant some variety of legumes each third year, and progressive farmers are doing this today. Such crops as alfalfa, cowpeas, and soybeans take nitrogen from the air and fix it in the soil, providing the soil has been correctly prepared before planting. If these legumes are plowed under—and this is the common practice—they add vegetable matter as well as nitrogen to the soil. An incidental advantage of crop rotation and its attendant diversification is the fact that it enables the farmer to work more effectively by spreading his labor over a larger portion of the year.

The prudent farmer makes full use of animal and other farm wastes as fertilizer. That heavy fertilization can preserve the soil, even with a one-crop system, is proved by the fact that the Chinese and Japanese have cultivated some of their land for hundreds of years without impairing fertility or yields in the slightest.

Land may be made deficient in phosphorus and potash either by the persistent planting of soil-depleting crops or by the leaching effect of slow erosion. The best solution in this case may be the direct application of commercial fertilizer. The use of fertilizer increased almost 80 per cent between 1939 and 1944 and thus helped account for the phenomenal production gains of that period.

Erosion. Soil formation takes place with almost incredible slowness. In most places, even after the passage of long geological ages, the usable topsoil is not more than seven or eight inches deep. At least until "tray agriculture" has been developed on a much larger scale, this topsoil is all that stands between mankind and starvation. Under natural conditions, the cover of grasses and trees is sufficient to hold the soil in place, and the decay of these plants builds the soil up. Primitive agriculture did little to disturb this natural balance, but in recent centuries man has been lavishly destroying the soil and doing little to build it up. In this country a principal factor in erosion has been the destruction of the forests. Whole mountainsides and great districts have been stripped of their timber. The rain and melted snow which formerly seeped gradually toward the streams, now rushes quickly and suddenly downhill, bringing floods and destruction. Year after year our rivers carry down and deposit at or near the sea incalculable quantities of solid matter, much of it consisting of our most valuable natural resource, the topsoil.

The prairies and the plains have suffered from erosion as well as the woodlands. The settler's plow turned under the natural covering of grass. Clean tilled crops were planted in geometrically straight rows. Sheet erosion began at once, and, if the land had more than a very slight slope, gullying might follow soon. The sudden expansion of crop cultivation in the Great Plains region which accompanied World War I had its sequel not many years later in the "dustbowl" years of the 1930's. It is estimated that one windstorm in 1934 carried 300,000,000 tons of topsoil from the Western wheatlands.

More than a billion acres of the total land area of the nation are in farms. Of this area about 530,000,000 acres are available for crops and only 342,000,000 acres are really good land. The Soil Conservation Service estimates that only 62,000,000 acres of the land now in crops are safe from erosion; the other croplands are losing soil with every heavy rain. Soil washing or wind have destroyed or severely impoverished 282,000,000 acres. They have damaged another 750,000,000 acres.[2]

Conservation. The conservation of our natural resources has long been an objective of the Federal government, however poorly it has been carried out. In 1891 Congress authorized the President to create forest reserves from the remaining public domain and to close these reserves to settlement. It was not until 1935 that Congress established the Soil Conservation Service. Its early efforts were directed toward demonstration projects, often with the help of boys enrolled in the Civilian Conservation Corps. Shelter belts were planted, storage reservoirs for flood control were constructed, some wheatland was transferred to other crops, and some land was removed from cultivation altogether, reverting to range or forest. In recent years the Soil Conservation Service has encouraged the formation of the soil conservation district, a public body established by a majority vote of the land users of a given area. Nearly all states now have legislation permitting the formation of such districts, and beginnings have been made in a long, slow process of rebuilding. Much of the past damage can never be undone; future losses by wind and water can be checked only by steady and understanding public support.

There is no one best method of attacking the problem of erosion. Terracing is not now advocated as much as formerly. Contour cultivation and strip cropping are growing in popularity. Where the land is too far gone to be rehabilitated for agricultural use, erosion must nevertheless be stopped in order to protect the rivers from silting. The Soil Conservation Service is authorized to acquire such lands and convert them into pastures, ranges, forests, wildlife preserves, and public recreation areas.

Reclamation. In the drier parts of the United States, particularly those west of the 100th meridian, irrigation is an important method of putting natural resources to work. The Mormon farmers in Utah were pioneers in this enterprise, and most of the irrigation works are the product of individuals working in small groups or cooperative companies. Since 1902, however, the Federal government has been responsible for many vast projects for "making the desert bloom." In 1940 there were 291,000 irrigated farms in the West,[3] and although this area will always remain predominantly a cattle-raising country, there are plans for further expansion. The crops raised on irrigated land are likely to be of high value and small bulk due to the great distance to markets. Sugar beets, apples and other fruit, and cotton are among the popular products.

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[2] Report of the Chief of the Soil Conservation Service, 1941, Department of Agriculture, p. 8.

"Dry farming" has reclaimed many acres of semi-arid lands for agriculture in the United States. Instead of bringing water to the land in ditches, the dry farmer must exert every effort to conserve all the rain that falls on his land. Many methods have been tried for doing this, not all of them successful. By the summer fallow plan, the farmer sacrifices one year's crop for the next, getting a harvest only in alternate years. The variations in rainfall from year to year make dry farming a very uncertain enterprise.

Much land has also been reclaimed for agriculture by drainage. River swamps, particularly along the Mississippi and its tributaries, poorly drained glaciated tracts in the Northeastern states, and tidal or salt marshes along the coast are the principal areas that have been drained for farming. By 1940 there were 86,967,039 acres involved in operating drainage enterprises.[4] This is an area about equal to the combined areas of Illinois, Indiana, and Ohio. Warnings have not been lacking regarding the harmful effects of drainage projects on so large a scale. Ground water levels have been lowered, wild life refuges destroyed, deforestation accelerated, and disastrous peat fires started because of man's interference with the natural environment.

THE FARM POPULATION

The farm population of the United States has been decreasing since 1920, not only in relation to the total population, but absolutely. It is true that a census of 1935 indicated a reversal of this trend for the few previous years, but the depression-inspired "back-to-the-farm" movement was of short duration. An outstanding development in the early years of World War II was the depopulation of farms. According to the Department of Agriculture, the farm population decreased from 30,269,000 in 1940 to 25,521,000 in 1944. Although 1,650,000 farm residents had been inducted into the armed services, the greater part of the loss was due to other factors. People of all ages and both sexes left the farm to seek better living conditions or higher incomes.[5] It seems unlikely that enough of them will return to agriculture to restore the farm population to its 1940 figure.

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[3] Statistical Abstract of the United States, 1947, p. 561.

[4] Statistical Abstract of the United States, 1947, p. 576.

Farm Ownership. Public opinion and government policy have consistently favored the small, family-size farm in the United States. Almost from the beginning, revenue from the sale of public lands has been considered less important than the actual settlement of these lands by independent farmers. The Pre-emption Act of 1841 even "recognized the vested interests of squatters who had established farms and homes on the public domain and proclaimed their rights of possession."[6] This policy was further liberalized by the Homestead Act of 1862, which permitted the head of a family to obtain 160 acres of free land by residing on it for five years. Up until the 1890's it was still possible to buy good land for the nominal price of $1.25 an acre.

The government has striven in many ways to keep land ownership widely diffused among the people. Farm ownership is often believed to promote self-respect, create an interest in community affairs, encourage respect for law and order, and make for family solidarity. Even after the last of the good free land was gone, a young man could start out as a farm hand, proceed to the status of tenant, make a down payment on a piece of land, and then, in his middle years, pay off the last of the mortgage and own his land. This upward progress has become increasingly difficult in recent years. The capital investment required to become an independent farmer is far greater than it was. Land speculation, inflated values, and sharp drops in farm income have wiped out the life savings of many ambitious would-be land owners. Between 1930 and 1935, a total of 750,000 independent farmers lost their farms and homes through foreclosures and bankruptcy. Insurance and mortgage companies took title to the land, and the former owners became tenants or farm laborers, or left agriculture behind.

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[5] "Farm Population Estimates, January, 1944," Bureau of Agricultural Economics, Department of Agriculture, released November, 1944.

[6] Paul V. Maris, "Farm Tenancy," Yearbook of Agriculture, 1940, p. 888.

Farm Tenancy. During the half century before World War II, the number of farm tenants increased on an average of 20,000 annually, a total increase for the period of almost 80 per cent. In 1940, the 2,301,000 tenant farmers operated about 312,000,000 acres, almost 30 per cent of the land area of farms.[7] Since its peak in 1935, tenancy has been declining somewhat. But this is not by any means due primarily to the improved status of farmer tenants. In all too many cases it means that farmer tenants have become laborers or have left the land. There are, of course, wide regional differences in the distribution of tenancy in the United States (see TABLE L).

TABLE L

PERCENTAGE OF FARMS OPERATED BY TENANTS, BY GEOGRAPHICAL DIVISIONS; 1935, 1940, 1945

	1935	*1940*	*1945*
United States	42.1	38.7	31.7
New England	7.7	7.4	3.7
Middle Atlantic	16.2	14.6	10.7
East North Central	29.4	27.9	23.5
West North Central	42.6	42.4	34.3
South Atlantic	46.3	42.2	37.9
East South Central	54.8	50.1	42.4
West South Central	59.5	52.6	41.3
Mountain	26.6	24.6	18.3
Pacific	21.2	18.5	11.7

Source: Department of Commerce, Bureau of the Census; 1945 Census of Agriculture, Vol. II.

Of all farm tenants, the "cash tenant" ordinarily enjoys the highest economic status. This form of tenancy exists primarily in the Northern and Western states. The landlord supplies the fixed capital (land, taxes, building maintenance), and the tenant supplies the working capital (work stock, equipment, fertilizer, and an agreed amount of cash). The cash tenant suffers severely in times of depression, because the drop in prices of farm products reduces his ability to pay cash. Nevertheless, in the grain and livestock states of the North, this form of tenancy has apparently come to stay. Where the land and equipment are good, one farm can, in normal times, support both a landlord and a tenant.

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[7] Statistical Abstract of the United States, 1947, p. 592.

In the share-cropping system, the tenant pays rent to the landlord in the form of a part of the crops. He has only his labor, and that of his family, to offer. The landlord ordinarily supplies work stock, implements, seed, fertilizer, and even advances in food and clothing. This type of tenancy is found mostly in the Southern cotton and tobacco regions. The condition of the great majority of Southern tenants, both white and Negro, is bad to the point of desperation. Housing, food, and clothing are of wretched quality. Many tenants are heavily in debt. Some owners require all purchases to be made through the plantation commissary, and credit charges in recent years have been from 20 to 50 per cent.

Bad as conditions are in these rural slums of the South, they will probably get even worse for the tenant. Machinery and the economics of large-scale production are crowding tenants off the farms. The crop-reduction program of the 1930's caused many landlords to dismiss their tenants and thereby collect the government bounty on more vacant acres. In each of the cotton states, farm tenancy decreased between 1930 and 1940, while the average size of farms increased. Machines and a return of the wage system are displacing the tenant and taking from him even the security of shelter and land he once had. With the handicaps of bad health, poor schooling, and inadequate civil rights, his future in this area is not bright.

In 1937 Congress passed the Bankhead-Jones Farm Tenant Act, aimed at encouraging tenant farmers to purchase the farms they were operating on a forty-year mortgage basis. The Farm Security Administration has supervised this program and invested $75,000,000 in it, hardly more than for an experimental project. It has been advocated that the government itself might purchase the land outright and then sell it to the tenants on long-term contracts. In some cases this would profitably involve consolidations to make farms of more economic size. More than half of the nation's farms in 1940 were less than fifty acres in size; and small farms, low income, and tenancy usually go together.

The Farm Security Administration is convinced that the lot of the tenant can be bettered by improving the contractual relationship between landlord and tenant. Frequently the matter of tenure rests on nothing more than a vague oral agreement. Unsure of his status, the tenant is tempted to ignore sound, conservative practices and to attempt no improvements. The Farm Security Administration, upon the basis of wide study and experience, has prepared a model leasehold. Adoption of this long-term written agreement would do much to make farm tenancy more secure.

The Marginal Farmer. About 50 per cent of the farmers in the United States produce about 90 per cent of our commercial agricultural products. The other 50 per cent constitute a marginal and, in part, a surplus farm population which has some difficulty in earning a living. The Farm Security Administration estimated that in February, 1942, over 2,000,000 farmers were "underemployed." They did not have adequate amounts of machinery, livestock, feed, seeds, and fertilizer; their farms were small; and, perhaps most important of all, they were using land that never should have been settled in the first place. By acquiring and retiring from agricultural use all submarginal land, governments can do much to protect the farmers on good land from "unfair competition." The maintenance of public services in chronically depressed agricultural areas is very expensive. Wisconsin has found it worth while to pass zoning laws designed to prevent future attempts to cultivate unsuitable land. By this means the maintenance of roads, schools, and health services for isolated farmers far back in the cut-over timber lands is avoided. Land which reverts to the state or county because of unpaid taxes is commonly attached to public forests or used for recreational purposes. It is not always, however, the poorest land which is abandoned the most readily by the submarginal farmer. Frequently it is from the better land areas that the urban migrants come; residents of these areas have the financial opportunities for education and training that enable them to compete for work elsewhere.

During the prewar decade, the Federal government spent about

$49,000,000, at an average cost of $4.30 per acre, in acquiring over 11,000,000 acres of submarginal lands. This is only a small fraction of the 80,000,000 acres which the Soil Conservation Service estimates should be retired. Resettlement, as a policy for aiding distressed farm families whose land is thus acquired, bristles with questions. "But how many people really want to migrate? What localities offer them the best opportunities? Is there any assurance that the better location of today will be better tomorrow? Such basic questions as these—there are many others—make for hesitation in applying an extensive program of moving people out of the problem areas. Much study will be needed before resettlement can have more than limited application."[8]

Farm Laborers. Just previous to World War II there were between 2,000,000 and 3,000,000 migratory farm workers roaming the country—men, women, and children. They did not follow the wheat harvest from northern Texas to the Canadian prairie provinces. This sort of thing had been declining since 1920. The combines had reduced the amount of hand labor in wheat-harvesting to a trifling amount. These new migratory workers labored on diversified crops in the Imperial and Central Valleys of California, in the beet fields of Colorado and Minnesota, on the truck farms of Florida, in the cranberry bogs of New Jersey, and wherever valuable and perishable crops needed harvesting in a hurry. Some of them were formerly tenants or even farm owners who had lost their holdings during the depression. Whatever their origin, they now had no tenure, dismal housing, low pay, and little time for anything except work.

The years since 1940 have not basically changed the status of the migratory worker. The wage scale is still incredibly low; it was about the same in 1943 as it was in 1920. The laborer in a "factory in the field" is not covered by the Social Security Act, the Fair Labor Standards Act, or the National Labor Relations Act. In many respects he is a "second-class citizen."

The "hired hand" and "hired girl" who worked all season or all year on the same farm and were treated almost like one of the family are rapidly declining in importance in American agriculture. With more machinery, the farmer can work his farm effectively with unpaid family labor.

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[8] U. S. Department of Agriculture, "Soils and Men," Yearbook of Agriculture, 1938.

AGRICULTURAL PROBLEMS TODAY

Production for War and after War. In 1942, the Department of Agriculture called upon the farmers for the greatest production in the history of the nation. More of nearly everything was required than ever before. The increase was not to be concentrated in small grains as it had been in World War I, but in such products as fats and oils, pork and beef, poultry, milk and eggs. These would furnish the highly concentrated foods needed by our armed forces and our allies. Corn, sugar, and cotton were to be raised in increasing amounts for explosives; and many other products, both old and new, had their expanding role to play in waging total war.

The farmers magnificently answered the challenge and the opportunity to profit. In spite of a decreasing labor supply and rapidly worn-out equipment, the farms of the land met their quotas. Taking the average output of 1935–39 as a base, production rose to 119 per cent in 1943, and 136 per cent in 1944. Weather was good during the war years and the farmers worked long hours.

More than once in our history, increased wartime production and prosperity have been succeeded by postwar overproduction and disaster. Four years after V-J Day, however, the farmer continues prosperous and highly productive. The Federal government deliberately saw to it that there were no enormous surpluses of agricultural products in warehouses at the end of World War II. Continued government purchases for United Nations Relief and Rehabilitation and for the European Recovery Plan have kept up both prices and demand.

The Domestic Market. The continued prosperity of the American farmer depends on the full employment of American wage earners. The most important single item in the average family's budget is food; the kind and quantity of food purchased depends on family income. Adequate diets for the mass of American families will assure the farmer reasonable prosperity.

Adequate income is not enough to guarantee that the right food will be purchased. Education regarding food is necessary, and already important gains have been made in changing dietary habits. During the 30-year period ending in 1939, we modified our diet by eating less cereals, potatoes, apples, and beef, while eating more eggs, dairy products, fats and oils, citrus fruits, canned fruits and vegetables, and sugar. In the next four years the civilian population increased the consumption of milk and milk products by about one-sixth, a significant index of a rising standard of living.

Wartime rationing cut down the consumption of sugar, as well as the consumption and waste of fats and oils. Wartime technological advances and discoveries in the long run will probably have important effects on the domestic market for certain foods. The increased efficiency of quick-freezing units, for example, may have far-reaching consequences for the truck-farming, canning, and packing industries.

The Foreign Market. The period after World War I was characterized by a disinclination on the part of the United States to cooperate in world affairs. High tariffs shrank the volume of our imports and, inevitably, the volume of our exports in about the same proportion. But while our total exports between 1920 and 1940 were declining by half, the amount of our agricultural exports declined by about 85 per cent. The farmer's export market had all but disappeared.

The exportation of farm products continues at a high rate a few years after the close of World War II. In 1947, of American wheat flowing into channels for human consumption, 49.2 per cent was sent abroad.[9] Lesser amounts of many other products were sent as part of our pledged program of relief and reconstruction. The ability of some countries to continue importing from the United States was being exhausted, and some of them put rigid restrictions on further purchases. Continuation, in the foreseeable future, of heavy exportation of farm products depends on continued peace and stability, on further credits from the Federal government, and on the doubtful success of the reciprocal tariff program. If other countries, as well as the United States, maintain full employment, and if certain European countries shift from agriculture to industry, then our agricultural exports might be restored to about the level of the 1920's, representing some 15 per cent of total farm production.

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[9] Economic Report of the President to the Congress, January, 1948, p. 135.

Industrial Markets. It is easy to think of the farmer solely as a producer of food. But tobacco, cotton, and indigo, staple crops of the Old South, were not food products, nor are naval stores and ethyl alcohol. Much speculation and research have gone into the project of finding new industrial uses for the farmer's products in order that he may benefit from the recent advances in science and technology. *Chapter Three* has already mentioned possible developments in the fields of plastics and industrial alcohols. The great expansion in the manufacture of rayon, which uses cotton linters, does not represent a net gain for agriculture, since wood pulp is a major ingredient of this product. Already many textiles are feeling the effect of competition from nylon, which uses no agricultural product in its manufacture. Casein, produced from milk, has industrial uses in the making of paper, buttons, and paint; but thus far the demand accounts for only about 1 per cent of our total milk production. Paints, varnishes, and soap require oil from cotton seed, soybeans, corn, and peanuts. Competition is keen, however, and in normal times imported oils keep the price down. Altogether, expansion of agriculture through industrial uses is likely to be moderate and slow in coming.

Research and Education. The year 1862, which has already been mentioned as the date of the Homestead Act, also marked the beginning of Federal participation in agricultural research and education. The United States Department of Agriculture was established, although the secretary did not attain cabinet status until 1889. Before the Civil War, Congress had made only trifling appropriations for the collection of agricultural statistics and the distribution of seeds. Also in 1862, Congress passed the Morrill Land-Grant College Act. Working closely with the Department, the land-grant colleges have established a type of agricultural education unequaled in the world.

The agricultural colleges offered very little at first, because there was not a sufficiently developed body of scientific agricultural knowledge. This lack began to be remedied by the passage of the Hatch Act in 1887, which authorized a national system of agricultural experiment stations, maintained by the land-grant colleges and coordinated by the Department of Agriculture. Great strides were soon made in research. Better varieties of old plants were developed and new plants were introduced.

To close the gap between theoretical knowledge and actual practices on the farm, the colleges, the experiment stations, and the Department issued bulletins, sent staff members to lecture at institutes and fairs, gave local short courses, and made field demonstrations and exhibits. The more alert and progressive farmers benefited from these efforts, but still this was not enough. In 1914 the Smith-Lever Act provided the means to bring the new agricultural knowledge to the great mass of American farmers. This act provided Federal grants, to be matched by state funds, for maintaining permanent field staffs which are interested not only in technical education but also in the general program of improving country life. Resident agents for each country, home-management experts, boys' and girls' club leaders, and specialists in the major branches of agriculture took up the task of making farming a more wholesome, more profitable, and more satisfying way of life.

Farm Organizations. Only about 30 per cent of America's farmers are represented by the national farm organizations. The most vocal and influential of these are the ones representing the big operators and owners. Not infrequently they have busied themselves in sabotaging government programs designed to help the small farmers. The "farm bloc" has objected to appropriations to help small farmers through the Farm Security Administration, to the extension of existing social legislation to include farm laborers, and to the use of government facilities to manufacture a cheap reliable fertilizer. The small farmers are not organized effectively enough to make their wants known, and, of course, a considerable number of them, particularly those in the South, can safely be ignored by the law makers.

A Look at the Future. It is widely recognized that there must be a permanent adjustment of the great differences in buying power between our urban and rural communities. The great bulk of our population is dependent either on manufacturing or agriculture. One of these systems of livelihood cannot function well and the other badly for any great length of time without economic disaster resulting. Manufacturing and agriculture are so dependent on each other that maladjustment in one causes serious disruptions in the other.

Not all leadership in solving the food and agricultural problem can come from the farmers and the government. The consumers of food have an important stake in an adequate solution. "There can be a conflict of interests between farmer and urban laborer in the matter of prices of farm products, but not over the prices that come to prevail as a result of better health, increased productivity, and increased buying power of farm and urban workers."[10] Labor unions are doing effective work in educating their members about nutritional problems, thus continuing the program of a wartime Committee on Food and Nutrition. It is now recognized that adequate provision for industrial health may include in-plant feeding services, and in many instances employees and employers are cooperating to improve food service in factories. Organizations of workers as well as parent-teacher associations and other welfare groups have been active in securing school lunch programs in their communities.

Food processors and distributors have the opportunity to make substantial contributions to improved nutrition and to agricultural stability. Although the campaign to impose grade branding by law has been successfully resisted, there is steady pressure for more truth in advertising of foods. Some progress has been made but much remains to be done in improving food processing so that nutritional values will not be lost. Methods may be worked out by which some of our best and cheapest foods can be made available to consumers without lengthy preparation in the kitchen. It should be possible for large food handlers to purchase fresh vegetables from areas whose soils have not lost valuable minerals from leaching. The food industries and trades can afford to devote much attention to the economy and efficiency of their operations.

[10] John D. Black and Maxine E. Kiefer, *Future Food and Agriculture Policy*, McGraw-Hill Book Co., New York, 1948, p. 3.

With respect to the food producer, the form of readjustment that our rural economy takes depends on our national policy. If we follow the policy of reducing our international trade, then the specialized crop areas which once furnished half of our exports will undergo radical reorganization. If we recapture our foreign markets permanently and maintain our domestic markets, then high standards of living on the farm seem assured. Either solution will require more and wiser conscious planning than we have yet been able to put into practice. We are not yet sure that we have learned to produce and distribute abundantly in peacetime.

TERMS TO BE UNDERSTOOD

casein
contour strip farming
county agent
crop rotation
dry farming
Dust Bowl
Grangers
Greenback party
ground water
land mining
leaching
legumes
parity prices
rural slums
sharecroppers
silting
summer fallow
terracing
twine binder

QUESTIONS FOR DISCUSSION

1. One agency of the Federal government is seeking to reclaim land for agricultural use; another is seeking to retire land from such use. Are these policies in conflict?
2. What are some of the sources of the apparent conflict of interest between big farmers and small farmers?
3. Is it administratively impossible to give to agricultural workers, including migratory workers, the benefits of social security?
4. How might the widespread adoption of the mechanical cotton picker have important social consequences in Detroit, Pittsburgh, and Chicago?
5. Should the government have the right to buy out and resettle a submarginal farmer who is eking out a wretched living on a hillside farm, if he does not want to leave?
6. Would a prudent tenant farmer signing a five-year lease in 1948 ask to have his rent payments in cash or in a share of the crop?
7. Various attempts have been made to align small farmers and union labor into a single (third) political party. What difficulties have stood in the way of success in this undertaking?

8. Farming is not only a means of livelihood but also a way of life. What influences have kept the farmer at his tasks even when the economic rewards have been negligible?
9. Have more favorable long-term credit facilities made it easier than it was fifty years ago for a young man of limited means to become a farm owner?
10. What is the effect of increasing life expectancy of farm owners upon the problem of farm tenancy?

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Chapter Twenty-four

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. THE CONSUMER

THE CONSUMER'S PLACE IN OUR ECONOMIC SYSTEM

In the organization and operation of our economic system we often give inadequate consideration to the fundamental position held by the consumer. Adam Smith, the founder of modern economics, has put this position well:

> Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to only so far as it may be necessary for promoting that of the consumer.[1]

The problems of the consumer in the United States can be better understood if viewed in the light of certain salient features of the American order. It has been charged that our order has overemphasized the profit motive, sometimes to the disadvantage of the consuming masses. In line with this charge, we are frequently urged to build our production upon a "use" rather than a "profit" basis. As Americans we have subscribed to the virtues of competition. The right of private property has long been sanctified in our laws. We have advocated the principle of "no government interference with business"; and we have glorified American individualism in our economic and social philosophy.

The American economic system has many merits. It has achieved a remarkable organization of mass production, in part through the utilization of scientific research, modern technology, and modern scientific management. We have had inventive genius, individual opportunity, and "self-made" men. Under the present economic system the United States has reached the peak of industrial capacity among the nations of the world.

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[1] Consumer Education In Your School," National Education Association, Washington, D. C., p. 7.

However, in looking at the other side of the ledger sheet, we find some notable debits. There has been great waste of human and material resources, due in large part to the excessive greed generated by the profit motive. We have had monopoly control in certain industries, and consumers have been exploited. As Americans we are confronted with some serious paradoxes: overproduction and under consumption; scarcity amidst abundance. For years we have concentrated upon the problem of increasing production so that consumer wants could be satisfied. But when we become aware of overproduction or of resort to restriction of output in order to raise prices, we are inclined to ask, What is the real objective of any economic system? Is it not the satisfaction of as many human wants as possible? Is not consumption the goal of economic activity? Has the present system functioned successfully to meet the needs of the consuming millions?

The problems of the consumer have become increasingly complicated. In earlier days man made things primarily for his own use. He produced his own food, clothing, and other necessities of life. As new wants developed, the consumer tended to depend upon other persons for their satisfaction. At first, barter was widely used, only to be superseded by a money system of exchange.

During the handicraft era, the producer was necessarily much concerned with the consumer's wants. Production was mainly for home use or for local markets. The relationship between producer and consumer was on a personal and direct basis. With the coming of modern industrialization, the picture was greatly changed. Large-scale production for a world market has brought specialization, with increasing interdependence. The connection between production and consumption has become more indirect and impersonal. As a result of this change, the buyer's control over quality and price has diminished, thus making his choice of goods more confusing and difficult.

OBSTACLES TO CONSUMER WELFARE

The position of the consumer is at best a difficult one. He is confronted with an ever-increasing list of commodities from which to choose. Like Alice in Wonderland, the consumer says:

"I can't believe that."

"Can't you?" the Queen (modern salesmanship) asks in a pitying tone. "Try again: draw a large breath and shut your eyes."[2]

In this country we have long cherished the idea that all we need in the economic process is free and unrestricted competition. Instead of serving the consumer, however, unrestricted competition may result in waste and duplication, which in turn increases the cost of the goods or services to the consumer. An example of wasteful competition is the distribution of milk to our homes. Five or six different milk companies may deliver their products to the homes on one street when a single company could do the work more cheaply and efficiently.

Consumers must also, however, be mindful of the opposite situation, namely, monopoly control. Sometimes the logical outcome of competition is the elimination of competition, or the appearance of some form of monopoly control. Public utilities constitute natural monopolies, and if it were not for public regulation the results to the consumer might be serious. Consider as an example the American Telephone and Telegraph Company, probably the most complete monopoly in the United States today. Other examples of near-monopoly conditions are to be observed in the building materials, aluminum, and farm-implement industries.

Another factor definitely related to consumer welfare is purchasing power. A standard of living, based upon one's accustomed use or enjoyment of necessities, comforts, and luxuries, is dependent upon income or purchasing power.[3] Even in times of prosperity a large number of our people live below a standard of comfort. In 1929, a year marking the peak of national prosperity, nearly 6,000,000 families, or more than one-fifth of the total, had incomes of less than $1,000. About 12,000,000 families, or more than two-fifths, had incomes of less than $1,500.[4] A report on the national income of

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[2] Stuart Chase and F. J. Schlink, *Your Money's Worth*, The Macmillan Co., New York, 1931, p. 1.

[3] See *Chapter Twenty* ("Incomes and Standards of Living").

[4] Maurice Leven, Harold G. Moulton, and Clark Warburton, *America's Capacity to Consume*, The Brookings Institution, Washington, D. C., 1934, p. 55.

1935–1936 by the National Resources Committee divides the population into three classes according to incomes:[5]

(1) The top third of incomes averaged $2,959.
(2) The middle third of incomes averaged $1,076.
(3) The lowest third of incomes averaged $471.

A study conducted by the Federal Reserve Board and the Bureau of Agricultural Economics for the year 1945 revealed the following distribution:[6]

One out of five families in the United States is getting along on less than $1,000 annual income. About one out of every two families is having to live on less than $2,000 a year. More than two out of three American families have incomes of less than $3,000 a year. One out of fourteen families has an annual income of more than $5,000.

It would therefore seem that even in times of prosperity incomes of average families are not large. When the high cost of living is brought into the picture many apparent money increases in income are wiped out.

Another task which confronts the consumer is that of making a wise selection from a large variety of goods.

> He stands there confronted with vastly more choices than any previous generation of consumers had to make. There are 350,000 possible choices in a store like Macy's; and in a single city the size of Milwaukee the consumer must choose from among some 250 kinds of toothbrushes, 100 kinds of washing machines, 160 kinds of fountain pens, 50 kinds of motor oil, and so on through the long list of things he must buy. In this age of advanced fabrication he has lost the old thumb-and-finger familiarities with silk, calico, and flour which his grandfather had. The rival makes of vacuum cleaners and electric washing machines are harder to appraise than were the brooms and the washboards of two generations ago. Synthetic materials like rayon, and slick processes like the artificial weighting of silk with tin, are less readily judged than were the silks of an earlier day. Science has discovered hosts

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[5] Joseph Gaer, *Consumers All,* Harcourt, Brace and Co., New York, 1940, p. 53. Figures based on National Resources Committee, Consumer Incomes in the United States, 1935–1936, U. S. Government Printing Office, Washington, D. C., 1939.

[6] As reported by *United States News,* July 26, 1946.

of new and perplexing necessities for health and welfare—vitamins, intestinal flora, ultra-violet lamps, and posture furniture and educational playthings for the children.[7]

High-pressure advertising confronts the consumer on all sides. It is not our purpose here to analyze the detailed aspects of advertising. The least that can be said is that advertising is sometimes guilty of gross misrepresentation. Frequently it represents a mere manipulation of words. A good example of this is the advertising of cigarettes by such phrases as "never get on your nerves," "are kind to your throat," and "not a cough in a carload." One cigarette company claims that according to eminent medical authority their product is not injurious to the throat, while a competitor counters with the assertion that they are not selling throat treatment but cigarette enjoyment. Thus the word-play goes on and on. Much advertising is irrelevant to the consumer's appraisal of a product. Instead of giving useful, factual information, the advertisers generally rely on the theory, "repetition is reputation." The use of testimonials for advertising purposes may well be questioned. "Famous Names Incorporated," with branches in New York and Hollywood, will, for a price, get a testimonial from some well-known personage praising the merits of any product from soap to horse radish. The fee for the exclusive use of the celebrity's name is between $150 and $2,500, depending on the celebrity's popularity and the length of time exclusive use of the name is desired.[8]

The amount spent for advertising is enormous. In the United States it runs from about 2 to 3.5 billion dollars a year, depending on the degree of prosperity that the nation is enjoying.[9]

High-pressure salesmanship coupled with installment buying or "easy payments" have impelled people to buy beyond their means. Buying on credit, of course, adds to the cost of the goods to the consumer, whereas "cash and carry" enables the buyer to purchase more economically.

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[7] R. S. Lynd, "The Consumer Becomes a 'Problem,'" The Annals of the American Academy of Political and Social Science, May, 1934, pp. 5–6.

[8] Stuart Chase and F. J. Schlink, *op. cit.*, pp. 24–5.

[9] Myron H. Umbreit, Elgin F. Hunt, and Charles V. Kinter, *Fundamentals of Economics*, McGraw-Hill Book Co., New York, 1948, p. 440.

It is very disturbing that even in a time of inflation the American Congress has allowed controls on consumer credit exercised by the Federal Reserve System to expire. President Truman in his message to the emergency session of Congress said:

> At a time when the economy is already producing at capacity, a further expansion of credit simply gives people more dollars to use in bidding up the prices of goods. Consumer credit is increasing at a disturbing rate. The amount outstanding has risen from six and one-half billion in 1945 to more than eleven billion dollars today. Even more rapid expansion is under way now, because the controls on consumer credit exercised by the Federal Reserve System expired November 1. These credit controls should be restored.[10]

Another handicap of the consumer is the lack of honest, reliable, and specific information concerning consumer goods and service. Even salespeople are not too well informed about the exact nature of the products they sell. Some people buy merely in terms of advertised brands or according to certain price levels, paying but little attention to the actual merits of the products concerned. The average worker or salaried person is more concerned with money wages than with real wages. The latter, namely, wages considered in terms of the purchasing power of money, is really more significant than money wages because it represents what the money will actually buy in goods and services.

A further disadvantage of consumers as a group is their lack of organization. Producers, such as the steel industry, the oil industry, the automobile industry, the patent-medicine industry, and many others, are usually very alert to their interests, and maintain effective organizations. Trade associations are formed and often maintain lobbies for the enhancement of their interests. In comparison, consumers for the most part have suffered because of their lack of adequate organization and effective representation.

Taxation, also, is definitely connected with consumer welfare. In the past, many of our states have placed much dependence for their maintenance upon general property taxes. In recent years we have witnessed a general breakdown of this system of taxation and have seen the widespread extension of the sales tax with its consequent burdens upon the people of small means. In 1940 the general sales tax was in effect in twenty-two states, with four states having a selective or modified form. The tax rates usually run from 1 to 3 per cent of gross sales. New York City and several smaller cities also have municipal sales taxes.[11] In addition there must be considered the Federal taxes on many products recently imposed in connection with war and postwar financing.[12]

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[10] Message of President Truman to the Emergency Session of Congress, November 17, 1947.

THE RISE OF THE CONSUMER MOVEMENT

Consumers as a whole have been slow to organize. In times of prosperity we are likely to pay but little attention to the need of consumer organization. There is the tendency for us to shape our consumption of goods and services to keep up with the Joneses. Workers are more concerned with the size of the pay check than with the problem of what money will buy. When depression comes, people are forced to become more conscious of their roles as consumers. There is then a stronger realization on our part that consumption is a vital process in everyday life. Much more attention is paid to price, quality, and consumer choices. Family budgeting is resorted to on a much wider basis in order to stretch the purchasing power of the dollar. We tend to become "bargain hunters" to a greater extent.

The publication by Stuart Chase and F. J. Schlink of *Your Money's Worth* in 1927 helped to focus attention upon consumer problems. Professor Robert S. Lynd of Columbia University calls this book "the 'Uncle Tom's Cabin'" of the consumer movement. Following the widespread manifestation of public interest in the subject, Messrs. Chase and Schlink opened up a consumer question service. In 1929, Consumers Research Inc., was organized to provide consumer information to subscribing members. Within a short time its membership grew to 5,000.

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[11] *Tax Administrators News*, Sept., 1940, March, 1941; a publication of the Federation of Tax Administrators, 1313 E. 60th St., Chicago.

[12] See *Chapter Thirty-nine* on "Public Revenue and Taxation."

[13] F. J. Schlink and Arthur Kallett, *100,000,000 Guinea Pigs*, The Vanguard Press, New York, 1933.

In 1933 there appeared *100,000,000 Guinea Pigs,*[13] which exposed the inadequacies of the Pure Food and Drug Act of 1906. In 1935, another consumers' information service, Consumers' Union, was set up. By 1939 it was estimated that Consumers' Union had a membership of 75,000, while Consumers Research had 60,000. These membership figures indicate the increasing interest on the part of consumers in reliable information on goods and services. "Consumers Research and Consumers Union have been and are the dynamos of the consumer movement."[14] "Consumers Research and Consumers Union have in truth not only supplied the motive power for the entire consumer movement but they have written its philosophy for the entire consumer movement."[15]

Business men can no longer afford to "laugh off" this movement. It is no longer limited in its influence to a few scattered women's clubs and sewing circles. The business man has thus been forced to examine the basic causes of consumer dissatisfaction. In general, the consumer claims that the manufacturer does not make what the consumer wants. Instead of trying to find out what the consumer wants and then producing it, he first produces goods and then endeavors to make the consumer want them.

Specifically, the consumer wants grading of the products offered for sale, and would like to have reports based upon performance tests, as well as the data of the United States Bureau of Standards, made availble to him. The consumer feels that it is unnecessary to create demand, because demand already exists. The philosophy of the consumer movement is centered around two points: (1) a resentment against advertising which deceives the buyer; (2) a desire for lower prices and more facts.[16]

In Finland, cooperatives do 25 per cent of the country's retail business; in England and Denmark about 15 per cent; in Sweden, 10 per cent. In the United States, cooperatives, do only about 1.5 per cent of the total retail business.[17]

Consumer Education. Until recently little has been done to educate the American consumer. As a people we have been individualistic, have emphasized production as against consumption, have placed faith in free competition, and have believed in the accuracy of advertising. As consumers we have had implicit faith that somehow our economic system, through its channels of production and distribution, would serve us adequately as a matter of course.

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[14] *Business Week* Reports to Executives on the Consumer Movement." (Number 16 of a series of special reports on current business opportunities, problems, and trends of outstanding significance. Made for executives by the editorial staff of *Business Week*). *Business Week*, p. 41, April 22, 1939.

[15] *Ibid.*, p. 42. [16] *Ibid.*, p. 43. [17] *Ibid.*

In our schools education for intelligent buying has been a neglected field. It is true that we are all consumers irrespective of the particular occupations we follow, and yet little has been done to educate boys and girls to become intelligent consumers. Social science courses in particular have passed up a real opportunity by failing to give proper attention to this field. In the average economics text, for example, little will be found on practical consumer problems. Because of their significance to citizens as consumers, such subjects as advertising, governmental services to consumers, consumer cooperatives, home ownership, life insurance, and many others could be studied with profit to the student. Yet such subjects are only rarely found in school curricula. Instruction in the operation of consumer cooperatives is compulsory in the Wisconsin schools. Pennsylvania schools have a consumer education program under the direction of the State Superintendent of Public Instruction.

An influential group working toward consumer education is the American Home Economics Association, a national organization of teachers interested in enlightening the consumer, which was organized in 1909 and now has 12,000 members. One of its major goals is the study of textile standards. It published the *Journal of the Home Economics Association.*

An Institute for Consumer Education has been established at Stephens College, Columbia, Missouri, as a result of a grant by the Alfred P. Sloan Foundation. The plan calls for the study of consumer buying, for product-testing, and for other activities of interest to consumers. An annual conference is held on consumer problems.

Women's Organizations. Women tend to be concerned with consumer problems inasmuch as they do 85 to 90 per cent of the nation's retail buying. The largest women's organization in the country, the General Federation of Women's Clubs, with 2,000,000 members, has established a Division of Consumer Information.

There are many other women's organizations promoting consumer education, such as the National League of Women Voters, the American Association of University Women, the National Federation of Business and Professional Women, the National Woman's Trade Union League, the Parent-Teacher Association, and others.

Business. Business men have only recently made any serious attempt to provide the consumer with exact information about the goods they are selling. A number of the large stores have their own bureaus of standards for the testing of their products. Lamp manufacturers have used the IES (Illuminating Engineers' Society) specifications for their product. A large grocery chain has voluntarily graded its canned goods with the threefold classification "fancy, choice, standard." The American Medical and Dental Associations have used seals of approval or acceptance for consumers. The former association has rendered a public service in its campaign against dangerous drugs and quackery. Although some of these activities have had only a limited value, they do point to the fact that the business world is becoming cognizant of the fact that it will have to pay more attention to consumer desires and grievances if it is to prosper.

An example of an attempt on the part of business to seek and exploit consumer confidence is the Good Housekeeping Institute. Its seal of approval has appeared on many articles of daily use. The Federal Trade Commission issued a complaint against Hearst Magazines, Inc., charging that one of its publications, *Good Housekeeping,* makes false claims and misleading guarantees concerning products advertised in its pages. The complaint charged, among other things, that *Good Housekeeping* operated a shopping service advertised as a free service for the convenience of its readers. The magazine was reported to have received substantial commissions from the seller on all merchandise sold, based on a percentage of the purchase price. This service has since been discontinued. The Good Housekeeping Institute and the Good Housekeeping Bureau also were criticized by the Commission on the ground that "approved" articles had not been tested and approved by any scientific laboratory. The complaint further cited the fact that in the case of some fifteen products false advertising was used.[18]

In general some of the seals of approval and certifications of consumer goods by business and professional groups may have some value in establishing minimum standards for the consumer. However, some of them are primarily selling devices.

Consumers are tending to lose faith in the numerous seals of approval and certification agencies. The use of official grades and standards on a wide basis would be far more beneficial to consumers generally.[19]

The Better Business Bureau is one of the most active and useful of the agencies organized by business groups for the protection of consumers. This is a national organization, with offices in the principal cities of the United States, sponsored by reputable business men in the community. Its aim is to discourage unfair business practices. Advertising in local newspapers is watched carefully. Professional shoppers are sent out to check on advertisements. Business men using unfair methods are threatened with exposure unless they change their tactics. Two slogans of the Better Business Bureau are: "Public confidence counts most" and "Before you invest, investigate."

Testing Agencies. The two outstanding examples of consumers' agencies performing testing services are Consumers' Research and Consumers' Union, previously mentioned. The purposes of Consumers' Union, as stated in its Charter, are:

> . . . to obtain and provide for consumers information and counsel on consumer goods and services . . . to give information and assistance on all matters relating to the expenditure of earnings and the family income . . . to initiate and to cooperate with individuals and group efforts seeking to create and maintain decent living standards.[20]

This organization issues a monthly publication, *Consumer's Union Reports,* and an annual *Buying Guide.* It maintains laboratories and employs technicians to make scientific analyses of many products. The information passed on to subscribing members includes recommendations as to specific products which are classified as "Best Buys," "Acceptable," and "Not Acceptable."

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[18] As reported by the *Chicago Daily News,* August 21, 1939.

[19] Helen L. Sorenson, *The Consumer Movement,* Harper and Brothers, New York, 1941, p. 55.

[20] Consumers' Union Reports, April, 1941, p. 1.

An interesting feature of *Consumers' Union Reports* is their comment upon the labor conditions in the industry manufacturing the product under consideration. Two products may be equally good buys at a given price but the existence of undesirable labor conditions in the manufacture of one may influence the consumer to purchase where the health, sanitary, and labor conditions are more salutary.

Consumers' Research is a similar type of organization, performing much the same kind of service for its members through its publication, *Consumers' Research.* Funds for its work were secured through subscription fees and the sale of literature. Established in 1929, it was the first independent testing service made available to subscribing members.

Labor. Labor organizations have been of value to consumers in calling attention to the presence or absence of the union label on products. A continuous campaign of education is carried on by unions to impress the public with the advisability of buying union-made goods, that is, goods produced under fair labor conditions. Attention is called to specific industries where sweatshop conditions, child labor, low pay, and other undesirable working conditions prevail. This, no doubt, has had some effect in improving conditions not only for the workers and their families but also for the general public.

The Government. An increasing amount of factual material bearing upon consumer problems is available through various governmental agencies. An interesting and valuable source of information is *Consumers Guide,* published by the United States Department of Agriculture.[21]

Another publication of value to consumers is *Notices of Judgments under the Federal Food, Drug, and Cosmetic Act,* published under the auspices of the Federal Security Agency in cooperation with the Department of Agriculture. This lists goods seized by the government because they are impure or mislabeled. This pamphlet may be had upon application to the Superintendent of Public Documents, Washington, D. C. Other governmental publications may appear from time to time in connection with some specialized phase of the subject.

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[21] *Consumers Guide,* U. S. Dept. of Agriculture, Washington, D. C. This may be had for 5 cents a copy or 50 cents a year.

There are other governmental agencies which perform services that directly or indirectly affect consumers and which are too numerous to mention here. A few of these are: the Bureau of Agricultural Economics; the Rural Electrification Administration, Extension Service, Department of Agriculture; the Bureau of Home Economics, Department of Agriculture; the Food and Drug Administration; and the National Bureau of Standards, Department of Commerce. One of these agencies in particular deserves a brief word, namely, the National Bureau of Standards, Department of Commerce. This Bureau was established in 1901. It . . . "establishes and maintains standards of measurement, of quality, or performance, and of practice; studies problems affecting large quantity or contract purchases; serves the consumer indirectly through standardization of devices used in weighing or measuring commodities purchased by over-the-counter buyers."[22]

Some cities, more especially the larger ones, maintain local bureaus of standards or city-sealer offices whose function is to maintain uniform weights and measures. Scales in stores are examined for accuracy, and if found to be satisfactory, are certified with the proper seal. Gasoline pumps are examined to see whether car owners are getting full measure for their money. If violations are found, the offenders are usually fined and warned against repeating the short measure. The work of such agencies is obviously very important to the citizens of the community.

> There are only twelve states that have effective laws for weights and measures. New York City has 75 inspectors, which is more than the total of 17 states with three times the population. It is estimated that the average American family loses 85 cents a week in short measures, $45 a year, or 1¾ billion dollars for the nation. The first inspection in Los Angeles showed 51 per cent of gasoline pumps inaccurate. The American Automobile Association estimates motorists are "robbed" at pumps from coast to coast of at least 20 million dollars annually.

[22] Gaer, *op. cit.*, p. 183.

The Pure Food and Drug Administration has an appropriation of 1.7 cents per consumer for the year to police sale of 16 billion dollars worth of goods, drugs and cosmetics. Congress cut the requested appropriation in half.[23]

CONSUMER LEGISLATION

The progress of legislation in this country for consumer protection has been slow and difficult. Attempts to bring about legislation to protect consumers have had to overcome the individualism of the American people and their faith in the competitive process and commercial advertising. Consumers, until recently, were for the most part uninformed and apathetic. Producers and distributors, with their high-pressure methods, lobbies, and extensive advertising, could block any effective activity by the government.

American consumers first received some protection through federal legislation in 1848, when Congress passed an act prohibiting the importation of adulterated drugs. Some years later it became illegal to bring below-standard tea into the United States. Since these laws did not interfere seriously with business interests, there was little opposition to them.[24]

During the next fifty years many bills were introduced in Congress, but they were primarily for the benefit of producers. Laws were passed to help the dairy farmers, the cattle raisers, the canned-fish industry, and others. Protective tariff laws were passed for the benefit of manufacturers. Still other laws were passed to aid the export trade.

During this same period, the states began to take an interest in food-and-drug control. Beef packers had offered dyed oleomargarine to the unsuspecting public as butter. Public knowledge of this fraud resulted in an increased demand for food inspection under the control of state departments of agriculture. In the meantime a series of sensational events brought pressure to bear upon Congress which resulted in the passage of the first comprehensive food-and-drug act.

One of these events had to do with the scandal over "embalmed beef," which was alleged to have killed more soldiers in the Spanish-American War than were killed in battle. Some very interesting experiments were conducted by Harvey Wiley of the United States Department of Agriculture which showed the pernicious effects of food preservatives upon health. "Pure food" exhibits were set up in the St. Louis World's Fair of 1904. Clubwomen throughout the country were stirred to action. A constant barrage of letters and telegrams reached Congressmen urging the passage of a national pure-food-and-drug act. In the meantime, Upton Sinclair published his famous novel, *The Jungle,* which was a dramatic exposé of the unsanitary conditions in the meat-packing industry.

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[23] *Cooperative Builder*, Superior, Wisconsin, March 15, 1941.

[24] Helen Dallas and Maxine Enlow, "Read Your Labels," Public Affairs Pamphlet No. 51, New York, 1941, p. 4.

In 1906 Congress passed a Pure Food and Drug Act, as well as a Meat Inspection Law. President Theodore Roosevelt promptly signed them. Both laws were to be enforced by the Department of Agriculture. At first the Pure Food and Drug Act was put under the administration of Dr. Wiley in the Bureau of Chemistry; later it was given a division of its own, the Food and Drug Administration.

Pure Food and Drug Act, 1906. This act prohibits false labeling of drugs which are to be sold across state lines; but if no claims are made on the label, the Act does not apply. The Act prohibits the addition of poisonous substances to food, but the manufacturer is not required to prove that the substances he adds are safe for human consumption. The burden of proof that the product is injurious is borne by the consumer. Such proof is difficult, since the effects may appear only after a long time. Much depends upon the manner of administration of the law. Powers given to certain officials to make rules and regulations sometimes have the effect of nullifying the law. "Actual regulatory inspection by the Federal Government seems to be almost negligible except in the case of meat."[25] Penalties are maximum fines of $200 for the first offense, and fines up to $300 or imprisonment for one year, or both, for any succeeding offense. There is some value in the publicity feature of the law.

Federal Trade Commission. The Federal Trade Commission was established in 1913. Its chief purpose is to prevent unfair methods of competition in interstate commerce. Misrepresentation of goods is one of the major types of unfair methods. Some 70 per cent of the cases coming before the Commission involve misleading advertising.

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[25] *Ibid.*, p. 4.

Clayton Antitrust Act. The Clayton Antitrust Act was adopted in 1914. This act among other things forbids interlocking directorates as a form of combination in restraint of trade. The declaration that "labor is not a commodity" is a gain for the trade-union movement, but there is little in the act of direct benefit to consumers, aside from the fact that certain forms of price discriminations which aim at lessening competition are prohibited.

Robinson-Patman Act. The year 1937 saw the enactment of the Robinson-Patman bill. This act amends Section Two of the Clayton Act and forbids price discriminations which injure, prevent, or destroy competition with the seller or with the buyer. The seller who discriminates must be able to prove that the variations in price are due to differences in costs of manufacture, sale, or delivery. The chief purpose is to regulate quantity discounts, brokerage allowances, and advertising allowances granted by manufacturers to distributors, thus preventing large distributors from having an unfair advantage over those buying in small quantities. This law requires equal treatment of all who buy like quantities of like goods and prohibits unreasonably low prices or local discrimination destructive of competition. There is nothing in the Act which is directed against a cooperative association's return to its members of the whole or any part of the net earnings or surplus resulting from its trading operations.

Wheeler-Lea Act. The Wheeler-Lea Act of 1938 broadened the authority of the Federal Trade Commission, giving it the power to deal with all types of unfair commercial practices. Additional powers were granted to control unfair advertising.

New Federal Food and Drug Act. The New Federal Food and Drug Act, which became a law in 1938, is considered the second major legislative effort in the history of the country to protect consumers from adulterated and misbranded foods and drugs. The 1906 law was a compromise between the demands of consumers and the resistance of producers. It was inadequate even for the consumers of that day. It was largely negative in character, prohibiting certain practices, but it did not list the positive requirements of honesty and safety in the merchandising of food and drug products. Moreover, many of its provisions were circumscribed by judicial interpretation.

Under this Act, cosmetics for the first time came within the range of Federal regulation. Poisonous cosmetics are barred from interstate traffic. The law does not require, however, that the ingredients of the cosmetics be disclosed to consumers. Any food which is injurious to health is barred from interstate shipment. Further regulation of poisonous fruit sprays is also a feature. Candy is made safer for children. The laws forbid the presence of metallic trinkets and other inedible substances in confectionery. Other restrictions of the law forbid misbranding in labels on food products. The adulteration provisions of the law protect the consumer from insect-infested fruits and from other unwholesome foods.

The use of artificial coloring or preservatives in foods must be indicated on the label. If foods claim special dietary or health use, then the label must give the information to justify this. Drug labels must carry adequate directions for use and adequate warnings where the drug may be dangerous to health. Safeguards are established in the use of new preparations. A few years ago nearly 100 people were killed by "elixir of sulfanilamide" simply because a manufacturer, eager to catch a promising market, had not stopped to make certain necessary tests. New drugs intended for interstate sale must, under the new law, pass certain tests before they are offered to the public.

Any law is as good as its enforcing mechanism. The heart of this new law is the seizure provision. An illegal product in interstate commerce may be seized wherever it is found. A Federal court decides whether the product has violated the law. If violation is judged to have occurred, the product is either destroyed or returned for relabeling or reprocessing under bond to bring it into compliance with the law. Criminal penalties for violations of the law are increased. For a first offense there is a maximum fine of $1,000 and imprisonment up to one year, or both. Exemption is provided for jobbers or retailers who have received products in good faith from shippers. A second offense may be punished by a fine of as much as $10,000 or three years' imprisonment, or both.[26]

Future Legislative Needs. American consumers will benefit by government price controls, at least during emergency periods when staple goods are very scarce. There is a need for effective pure-food-and-drug acts adequately enforced. The United States Government should initiate a vigorous policy making for the enforcement of our laws against monopolies and cartels. With the opening of World War II, when the government asked for the cooperation of big business in its all-out production effort, industry was quick to suggest that the antitrust laws be forgotten for the duration. Now the problem of monopoly control is more serious than it has ever been.

OTHER CONSUMER PROBLEMS

Government Price Controls and Inflation. One of the most serious problems of the war and postwar period has been "run-away" prices. For the purpose of avoiding a repetition of the disastrous inflation of World War I, Congress passed in 1942 an Emergency Price Control Bill, setting up the Office of Price Administration (OPA). The OPA was given three distinct functions, namely, price control, rationing, and rent control. American consumers were thereby given some measure of protection against inflationary prices.

In a three-year period after the outbreak of World War I, wholesale prices rose 114.7 per cent while the cost of living increased 84.4 per cent. From the outbreak of World War II to the end of 1944, wholesale prices rose 38.7 per cent while the cost of living increased 28.8 per cent.[27]

It is very significant that with the expiration of OPA on July 1, 1946, and the removal of practically all price controls, except on sugar, prices rose rapidly. Using August, 1939, as the base, by June, 1946, clothing prices had increased 56.7 per cent. By February, 1947, the rise was estimated to be 78 per cent. Covering the same periods, the increases in food costs were 55.7 per cent and 98 per

[26] *Consumers' Guide,* July, 1938, p. 7.
[27] *The Chicago Sun,* April 11, 1945.

cent, respectively; house furnishings, 54.4 per cent and 77 per cent; fuel, 19.6 per cent and 31 per cent. However, in the case of rents, constantly under control, the estimated increase by February, 1947, was only 4 per cent.[28]

On the whole, the OPA has probably been beneficial to American consumers. Ceilings were set on practically all products protecting the people against undue profiteering during the emergency. Hoarding was discouraged and scarce goods were made available under the rationing program to all classes of consumers, rich and poor alike. It helped to make American consumers information-conscious by calling their attention to price ceilings, fraudulent practices, and other information relative to consumer goods and services.

There is no doubt that the OPA had certain weaknesses. Perhaps its most flagrant defect was its practice of "piecemeal" price control. The very fact that black markets prevailed throughout the nation indicated that large blocs of consumers were willing to destroy it by their own acts. Many pressure groups, for the most part representing big business interests, producers, advertisers, and newspapers, worked constantly to weaken and destroy this agency established to protect American consumers. A good example of this was the intensive, nationwide campaign of propaganda carried on by the National Association of Manufacturers, which spent approximately $1,000,000 to accomplish this objective.

Workers throughout the country, faced by a reduction of working hours and of take-home pay coupled with the rapid rise in the cost of living, especially after the demise of the OPA, resorted to the strike method to protect themselves. This in turn led to new demands in the 80th Congress for additional curbs against organized labor.

Other Consumer Needs. Consumers should cooperate with governmental agencies working for their interests. Private organizations like the Better Business Bureau should be supported. More reliable consumer information should be available. A more intensive educational program should be inaugurated in schools and in adult education groups. The public forum, the press, radio, motion pictures, and other modern facilities should be utilized in such a program. Consumer discussion groups, buying clubs, and cooperative societies can be organized. Through organization, consumer interests can be raised to new levels of effectiveness.

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[28] *The United States News*, March 21, 1947. Based on U. S. Bureau of Labor Statistics.

THE COOPERATIVE MOVEMENT

The Nature of Cooperation. Some form of cooperative effort has long been known to man.

> Cooperation in the sense of working together for a common result is as old as human nature. In the modern world, cooperation is the getting together of people to do their own business with their own money for their own mutual advantage . . . A cooperative society is a voluntary union of persons, on a democratic basis, to supply its members with goods and services. It may, however, be much more than that. The cooperative organization may employ its members in producing goods, or it may sell what its members produce, or it may finance its members.[29]

Dr. J. P. Warbasse, former president of the Cooperative League of the United States, writes:

> A cooperative society is a voluntary association in which the people organize democratically to supply their needs through mutual action, and in which the motive of production and distribution is service, not profit.[30]

Cooperatives, then, are based upon human needs and common interests. In order to promote these interests more effectively, people organize in a democratic way to provide goods or services needed by the group. The organization may take the form of a producers' cooperative, a distributors' cooperative, a consumers' cooperative, or some combination of these, to supply essential goods or services.

Cooperatives are usually divided into two general types, namely, distributing and producing cooperatives. Distributing cooperatives provide an opportunity for consumers to perform the middleman's services for themselves through national, regional, and retail outlets.

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[29] Gerald Richardson, *ABC of Cooperatives*, Longmans, Green and Co., New York, 1940, pp. 1–2.

[30] *Course of Study on Consumers' Cooperation*, Department of Education, State of Minnesota, 1938.

The latter usually cover grocery stores, meat markets, gasoline stations, clothing stores, and the like. National Cooperatives, Incorporated, in the United States, serves as a buying organization for regional groups, which in turn distribute the goods through local retail stores, usually called "consumers' cooperatives."

Producing cooperatives are not so numerous in this country as are the distributing type. The former actually produce the goods to be sold such as shoes, gasoline, clothing, electric milking machines, and so forth. It is the constant aim of cooperatives to expand in both the producing and distributing fields. Cooperatives are concerned not only with an increasing list of material commodities but also with services of many kinds, such as medical, housing, mortuary, credit, and many others.

For many years farmers in this country have organized marketing cooperatives. In this way they can sell their livestock, cotton, grain, and fruit to greater advantage by cutting down middlemen's profits. A good example of this is the California Fruit Growers' Association, which has been very successful. Farmers are also concerned with buying fertilizer, seeds, and other things on a cooperative basis.

For the most part the characteristics and developments of consumers' cooperatives will be stressed in the remainder of this chapter. Consumers include all the people, so that the potentialities of organization here are virtually unlimited.

The real founders of the cooperative movement are usually held to be a group of weavers who opened a store in Rochdale, England, in 1844. Some twenty-eight impoverished weavers decided after a strike in 1843 to organize the Equitable Society of Rochdale Pioneers. They began to save as much as possible to provide the necessary capital to form a business for themselves. A year's savings netted $140. With half their capital they rented a room and purchased a few fixtures; with the balance they bought a small stock of goods—some butter, sugar, candles, and meal. The store opened for business on December 21, 1844, in an old warehouse basement on a street called "Toad Lane." This was the beginning of a social-economic movement that was destined to spread to a large part of the civilized world.

One hundred years later there were 1,100 cooperative societies in England and Scotland, operating 12,000 stores and 230 factories and doing a retail business of over a billion dollars a year.

The Rochdale Principles. The Rochdale principles of cooperation, as worked out by these pioneers in England a little over a century ago, have stood the test of time remarkably well. These principles are:

(1) Membership is open to all who wish to join in good faith. No one is barred on account of race, creed, class, or color. No compulsion or high-pressure methods are to be used in getting members.

(2) A cooperative society is democratically controlled. Each member has one vote and no more, regardless of the number of membership shares he may own. There is no proxy voting.

(3) Interest is permitted on capital, but it may not be greater than the legal or current rate in the region where the society is located.

(4) Savings are refunded to the members in proportion to their purchases. These rebates are commonly called "patronage refunds."

(5) Sales are for cash at prevailing market prices.

(6) The societies devote part of their earning to educational activities and expansion.

(7) The cooperative movement observes strict neutrality on political and religious questions.

(8) Cooperatives maintain fair labor conditions.

(9) Cooperative societies work together with each other in any venture which serves their common interests.

Outside of England and Scotland, the cooperative movement has been strongest in the Scandinavian countries of Denmark, Finland, and Sweden. Before the war substantial progress was also made in China, Czecho-Slovakia, France, and Germany.

The International Cooperative Alliance held its first postwar Congress in Zurich, in 1946, with twenty-two nations participating. Eighty-five million family members are associated with the Alliance, which is a permanent consultant of the United Nations' Economic and Social Council. The International Cooperative Petroleum Association was organized to combat a world monopoly. Oil has been shipped to Sweden, France, the Netherlands, South Africa, Australia, China, and other countries.

Cooperatives in the United States. Contrary to the usual impressions held by Americans, the cooperative movement is almost as old in this country as in Europe. Down to World War I, however, growth was sporadic and irregular. Following the War, cooperatives took on renewed life in the form of a definitely organized movement. The depression of 1929–1939 furthered its development. World War II tended to slow the movement again. The postwar period, on the other hand, is witnessing more gains both in Europe and in the United States.

By the end of 1946, cooperatives affiliated with the National Cooperatives, Incorporated, owned and operated 179 production plants, including oil refineries, mills, factories, mines, and processing plants. More than 100 veterans' cooperative housing associations have been organized. Six cooperative hospitals are in operation with 40 more in process. Progress has been made in the field of cooperative insurance. Auto, life, and fire insurance have a total of $38,000,000 in assets. Credit cooperatives have assets of over $350,000,000 with more than 3,500,000 members. Super-markets have been established in the larger American cities. Affiliated with National Cooperatives Incorporated, are 1,500,000 family members. Nearly 1,000,000 additional families are members of cooperatives but are not affiliated. This makes a total of 10,000,000 individuals who are identified with the movement. In 1946 the cooperative business, city and country, is conservatively estimated at over one billion dollars.[31]

Extent and Growth. A significant example of the rapid growth of cooperatives is found in the petroleum industry. In 1921, there was but one cooperative filling station. By 1947, cooperatives were doing 22 per cent of the gas and oil business in the rural areas of America. Cooperative gas pumps are now advancing into the urban sections.

Another signal development is found in the field of rural electrification. Cooperatives are now bringing electric light and power to 1,250,000 farms in this country, making possible greater conveniences, savings in labor and time, and recreational advantages.

Organization of Cooperatives. The International Cooperative Alliance covers the world phases of the movement. National Cooperatives, Incorporated, is the national buying organization for the regional wholesalers. The Cooperative League of the United States serves as the educational agency for the country. Some twenty-two regional wholesalers work in conjunction with the various local retail stores. Many of the cooperative grocery stores begin as buying clubs and later, with growth in membership and share capital, evolve into full-time stores. A board of directors is elected by the membership. The board chooses its own officers. Usually there is a constitution and by-laws. Many cooperatives are incorporated under the Cooperative or Non-Profit Act. Meetings are held periodically, with reports from the manager, officers, and committees. Speakers may be heard on various phases of the movement. Discussion groups meet to consider consumer problems. Recreational programs may be instituted. A number of the cooperatives have youth leagues in affiliation with their societies in order to develop future leadership.

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[31] Meyer Halushka, "Cooperatives Achieve Billion Dollar Business," *The American Teacher*, March, 1947, p. 2.

Cooperative Housing. It is a logical development that the principles of Rochdale cooperation should be extended to include housing.[32] The most outstanding example of cooperative housing in the United States is the Amalgamated Cooperative Houses in New York City. Two projects of this cooperative, one on Grand Street on the East Side in lower Manhattan, the other near Van Cortlandt Park, house more than 800 families. Recently three additional apartment buildings were dedicated. Connected with the project are cooperatives which supply milk, groceries, small loans (credit union), recreational facilities, laundry service and electricity—services worth more than $250,000 annually. In 1946 the National Cooperative Mutual Housing Association was formed to integrate the housing efforts. Other cooperative housing projects are to be found in the twin cities of St. Paul and Minneapolis, Minnesota; at the United Automobile Workers' project in South Bend, Indiana; and at the Crestwood project near Madison, Wisconsin, sponsored by the Wisconsin Cooperative Housing Association. Another venture is that planned by Frank Lloyd Wright, near Detroit, Michigan. There are several such projects in Nova Scotia, which consist of modern six-room houses, for which members pay a modest amount.

[32] For a more detailed discussion of housing, see *Chapter Eleven.*

One of the most successful and oldest housing projects in the world is found in Stockholm, Sweden. Here the housing problem for many years has been solved on the cooperative principle. Modern apartment buildings, beautifully landscaped, and with spacious yard space, are available at modest rentals in these projects.

Housing, as one of the most basic needs of mankind, appears to lend itself readily to the successful application of the time-tested Rochdale principles of cooperation.

Medical Cooperatives. Medical cooperatives have had an interesting history. The first consumers' cooperative hospital in the United States was organized in Elk City, Oklahoma, in 1929, under the leadership of Dr. Michael Shadid. To make possible medical services upon a cooperative basis, three hundred families subscribed $50 each. For yearly dues of $25 per family the hospital provides regular examination, treatment, surgical operations, and nursing care. The only additional charges are for anesthesia in surgical cases and for medicine to take home. In twelve years the membership has increased to 2,500 families. A staff of twenty-five doctors, dentists, and nurses is required to provide adequate care at low cost.

In 1936, the Group Health Association, in Washington, D. C., was formed to meet the medical needs of a group made up primarily of government employees. Group Health Mutual, in St. Paul, is sponsoring a plan of hospital insurance and medical service. Other cooperative health associations are in operation in New York City, in Chicago, in St. Louis, in Greenbelt, Maryland, and in Superior, Wisconsin.

In 1937, there was but one cooperative hospital—at Elk City, Oklahoma. At the close of the next ten years there were six cooperative hospitals operating successfully in this country. In 1946, the Cooperative Health Federation of America was organized for the purpose of integrating the various associations and promoting community public health.[33]

Burial Associations. Cooperative activities have been extended to include even burial service. The consumer's ability to protect himself is lowest when he must buy funeral service for a member of his immediate family. Here again the organized consumers have stepped in to prevent the exploitation of sympathy and sorrow. Forty cooperative burial associations in five midwestern states have cut the cost of funeral service by more than one-half.[34]

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[33] Bertram B. Fowler, *The Cooperative Challenge*, Little, Brown and Co., Boston, 1947, pp. 235–6.

The Taxation of Cooperatives. A question which in recent years has aroused a great deal of interest is that of whether cooperatives should pay certain taxes. The National Tax Equality Association, with headquarters in Chicago, is the head of a nationwide campaign to subject the savings of cooperatives to Federal taxation. Pressure has been brought to bear upon Congress to impose such a tax and a Congressional Committee is at work investigating the matter.

What are some of the leading arguments, pro and con, on this question? The opponents of cooperatives say they are enjoying special tax privileges not accorded to their competitors. The argument in that cooperatives do not pay the same taxes as other businesses and that this gives them an unfair advantage over their competitors. In addition, the argument runs, the government is losing a great deal of revenue through tax exemption of cooperatives.

It needs to be pointed out that cooperatives as such do not enjoy a blanket tax exemption. Cooperatives pay the same license fees and chain store taxes, the same real and personal property taxes, the same state taxes on capital stock, gross receipts, sales, and uses as other businesses. They pay the same Federal import, excise, and luxury taxes as other businesses. The annual tax bill of this country's cooperatives runs into many millions of dollars.

It is only the income tax that applies differently to some of the cooperatives and to noncooperative corporations. Cooperatives, or their members, do not have any blanket exemption from income taxes. Members of cooperatives pay individual income taxes in the same manner as other people.

The main argument concerns the question whether patronage refunds should be taxed. From the cooperative standpoint, patronage refunds are not profits, and therefore are not taxable. Patronage refunds represent "overcharges" after all overhead and all other essential expenses are met. As an overcharge, the patronage refund is returned to the member to whom it belongs. One does not make a profit on oneself, so why should patronage refunds be taxed? As individual income, however, such returns are taxable under the income tax.

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[34] "Here Is Tomorrow," The Cooperative League of the United States, 1943.

There is evidence that noncooperative business is becoming alarmed at the growth of cooperatives within recent years and is determined to do something about this increasing competitive threat. As long as cooperatives represented "small fry" enterprise, corporate interests were but little concerned with the rights and obligations of the former. Too often, noncooperative business overlooks the many services and advantages offered them by the Federal government. Examples of these are: The Reconstruction Finance Corporation, The Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, and the many services offered by the Department of Commerce, the Bureau of Standards, and other agencies.

The question of taxation of cooperatives should be considered, in its entirety, upon its merits and as a matter of social policy. There has been much deliberate misrepresentation of the facts by business organizations and by the commercial press.

Advantages and Criticisms of Cooperation. When a customer is part owner of the store in which he is shopping there is no incentive to sell himself inferior merchandise. The patron is free to make any suggestions he wishes to make. The cooperative movement is built on a democratic basis from the bottom up, and not from the top down. No financial oligarchy can dominate the business as in the case of chain stores. The principle of democracy generally prevails not only in theory but in practice. The promulgation of consumer information and education are other advantages. Through the organization of consumers more effective pressures for their rights can be brought to bear upon public officials. Cooperation encourages fair labor practices. It also helps to achieve a better distribution of wealth, through patronage refunds and through giving the consumer more for his money. Finally, cooperation is a way of life, based upon democracy and the American system of free enterprise.

The criticisms made of cooperation are often based upon a misunderstanding of the movement. Some say it is "European" in character, and hence unsuited to American conditions. Another common criticism is that cooperatives will do away with private business, especially the independent store. It is claimed that cooperatives cannot get skilled executives such as chain stores are able to employ because the former cannot pay the required high salaries. Some say that the movement is just a passing fad and that as soon as conditions improve the members will return to other stores. Finally, business men use the argument that cooperatives receive favored treatment at the hands of government, enjoying such special privileges as tax exemption and favorable legislation from Congress and state legislative bodies.

Conclusion. Consumer cooperation does not seek to do the impossible. It is not a panacea for the ills of modern society. It is not Socialism, Fascism, or Communism. It is a liberal movement which seeks improvement in the living conditions of all classes of people. It favors retaining the present capitalistic system of free enterprise, but works for the elimination of certain undesirable conditions. It has demonstrated its usefulness both here and abroad. The future will probably witness a very substantial growth in consumer cooperation. It is unlikely, however, that this growth will eliminate the chain stores or independent stores in this country. As a movement, consumer cooperation appears to be based upon sound, time-tested principles. As an economic and social philosophy, it is the "middle way," being based upon the principles of democracy, individual opportunity, and the more abundant life for the many.

TERMS TO BE UNDERSTOOD

consumer movement
seals of approval
union label
uniform grading
seizure method
price ceiling
inflation
Rochdale principles
patronage refund
free enterprise

QUESTIONS FOR DISCUSSION

1. What should be the place of the consumer in our economic system?
2. What are some basic obstacles to consumer welfare?
3. What is meant by a "Consumer Movement"?
4. What help have you received in school to guide you in becoming a more intelligent consumer? What more could be done?
5. What are the advantages and disadvantages of advertising from the viewpoint of the consumer? Suggest some improvement.
6. Check on what your local, state, and Federal governments do to protect your interests as a consumer.
7. Do you favor governmental regulation of prices during periods of emergency?
8. How would you go about organizing a consumers' cooperative in your community?
9. What are the contributions and limitations of cooperatives?
10. What is the relationship between cooperatives and the American system of free enterprise?
11. What connection is there between cooperatives on the one hand and Socialism, Fascism, and Communism on the other hand?

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